FOREIGN AGRICULTURE

April
1981

United States Department of Agriculture — Foreign Agricultural Service

- New High Seen for Iran's Farm Imports
- Spain Boosting Its Grain Exports Following 'Harvest of Century'
- Zimbabwe Cuts Tobacco Surplus
- Food Prices Still Rising
- France's Dairy Boom Begets Surpluses

Joint Development Efforts Stimulate U.S. Farm Trade

It is important to recognize that U.S. agricultural and trade development projects with other nations will be linked to U.S. relations with those countries. Priorities will be given to nations that show evidence of support for the goals and objectives of the United States. The Administration takes the view that the limited resources available to us at this time need to be used wisely.

As Secretary of Agriculture, I am personally committed to realistic programs to achieve agricultural improvement in developing countries and, in the process, broaden the ability of the United States to increase its agricultural market abroad. We have made the development and expansion of markets for U.S. products one of the primary goals of our agricultural policy.

Increased exports of U.S. agricultural products provide significant benefits to our nation's farmers, to the entire agricultural industry, and to the nation as a whole. The growth in agricultural exports has an important role in helping to offset this nation's continuing unfavorable balance of payments—a deficit caused, in large part, by sharply escalating costs of imported petroleum. We face the same problem in the years immediately ahead.

The value of U.S. agricultural exports rose in 1980 to a level above $40 billion. These exports resulted in a favorable balance of trade in agricultural products of some $23 billion. That's good business, both for our economy and for our taxpayers. I'd like to see that figure improved, and we believe it will rise to around $47 billion this fiscal year.

I want to comment briefly on the role of the U.S. Department of Agriculture in the development process and the resources that can be made available to the agribusiness sector and others with an interest in foreign development and trade.

The U.S. Department of Agriculture has a long history of involvement with other nations. It has shared its knowledge with nations in need, in the effort to grow more food, improve rural life, and contribute to economic growth and development.

Government-to-government relationships and specific agreements, such as those on cooperation in agriculture, can open doors for U.S. producers and agribusiness groups and make the task of establishing a business, or new markets, much smoother.

The USDA is one of the principal sources of agricultural expertise in the world. Much of the research information needed to make informed judgments about business and export opportunities in foreign nations is already available, or can be obtained readily by the USDA. Some of these agricultural data from USDA's Foreign Agricultural Service, the Economics and Statistics Service, and the Office of International Cooperation and Development include information on supply and demand in the respective countries, crop conditions, markets, and other matters of interest to the agribusiness community.

These USDA agencies are staffed by multidisciplinary specialists, including commodity analysts, agricultural marketing specialists, agricultural economists, and development and education (training) specialists. The data base and the staff of USDA provide strength to programs that the Department of Agriculture initiates, or in which it cooperates.

The Office of International Cooperation and Development is charged with coordinating developmental ventures in which USDA participates. OICD brings together the resources of the various agencies within the Department of Agriculture, the colleges and universities, and agribusiness interested in agricultural cooperation and development. It provides assurance that American farmers, agribusiness, and scientists benefit from the research conducted and the exchange of information.

The development of new markets for U.S. agricultural products is of critical importance to the nation's economic well-being. This is the basic reason for USDA to assist interested developing nations to improve their economic well-being. Experience has indicated that as per capita income rises in developing nations, so does their ability to buy agricultural products.

The United States, through its Department of Agriculture, is in a good position to play a leading role in international cooperation and development to help resolve agricultural problems. Cooperation will be sorely needed if the world is to meet its basic food requirements in the years ahead.

—Adapted from remarks by Secretary of Agriculture John R. Block at a briefing for the Joint Agricultural Consultative Committee in Washington, March 9.

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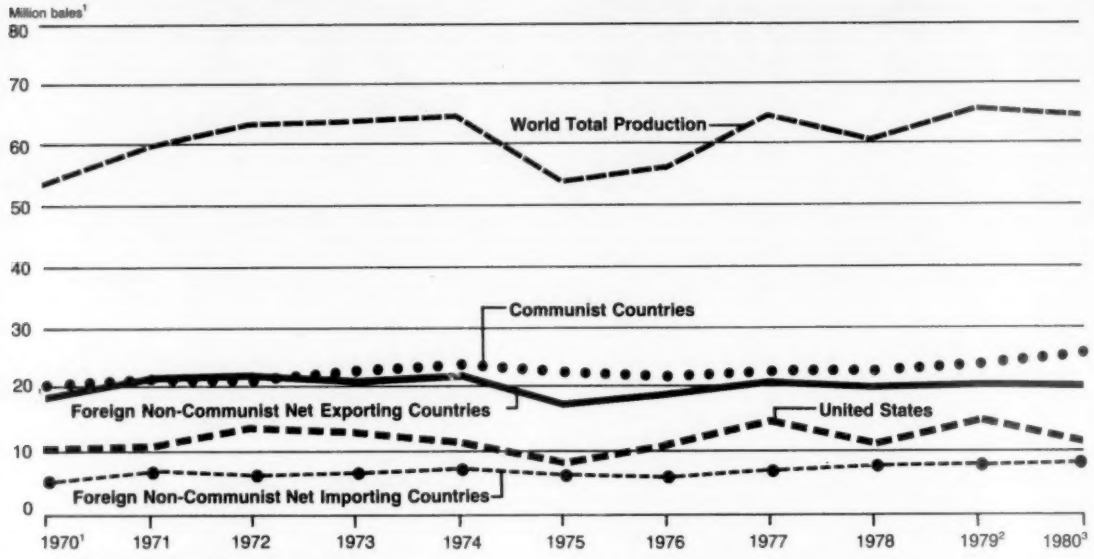
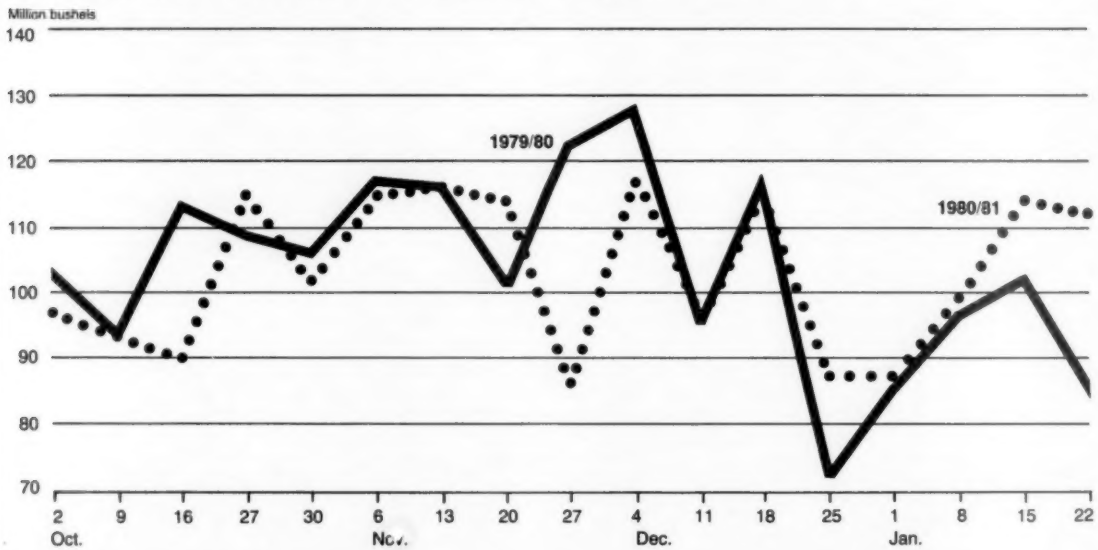
Where the World's Cotton is Grown



[1]Bales of .217 metric tons (480 lb.) net. [3]Estimated.
[2]Preliminary.

Weekly Inspections of U.S. Grains[1] and Soybeans for Export[2]



[1]Grains include corn, wheat, sorghum, barley, and oats.
[2]Week ending on date given.

COMMODITY UPDATE

OILSEEDS: WORLD PRODUCTION IN 1980/81 IS CURRENTLY FORECAST AT 162.3 million metric tons, up 1 million tons from the February 1981 forecast. Upward revisions in both the Brazilian and Argentine crops—the result of favorable weather conditions—account for about half of the increase. Brazilian soybean production is now estimated at 15.75 million tons and Argentine at 4.2 million tons.

World cottonseed, peanut, and sunflowerseed forecasts also are higher than the February estimates. A better East European crop, principally in Romania, raised the 1980/81 world sunflowerseed crop estimate by 170,000 tons to 12.88 million tons.

GRAIN: THE LARGE 1981 SOUTHERN HEMISPHERE COARSE GRAIN CROP and the continuing favorable early prospects for 1981/82 world grain production have temporarily eased expectations of possible tight grain availabilities. Softening world prices over the past month reflect these changing expectations. Premiums the USSR was paying for grain in certain markets since the suspension of U.S. grain sales to the Soviet Union are believed to have essentially disappeared, reflecting a gradual expansion of import supplies available to that country since the suspension was initiated.

Early prospects continue to indicate an enlarged global grain output during 1981/82 and the likelihood of stock rebuilding, especially of wheat. Current favorable crop prospects are contingent, of course, on normal or better than normal weather—leaving the chance that the outlook could tighten considerably with widespread poor weather in major producing countries. Although world grain trade appears likely to expand in the coming year, worldwide market conditions will depend heavily on crop production in key countries, general economic conditions, and government policy decisions.

Two policy issues—the partial USSR grain sales suspension and the status of the US-USSR Grain Agreement—continue to influence the 1981/82 outlook. Both of these issues remain prominent variables in determining grain trade flows, the level of world trade, price tendencies, and grain production decisions in the United States and its major export competitors.

Current estimates show 1980/81 world grain output, including milled rice, 3 million tons higher than the February 13 estimate of 1,423 million tons, owing mostly to larger rice output in Bangladesh and another upward revision in the expected Argentine and South African coarse grain crops. The current estimate of 1,426 million tons is less than 1 percent higher than the 1979/80 production but 2.3 percent below the record of 1,460 million tons in 1978/79.

World grain trade is forecast at a record 210 million tons, 1 million tons less than the February figure but 11 million tons greater than the February 1980 high. Forecast ending stocks rose to 153 million tons, owing to larger world production and an increase in the U.S. coarse grain stock estimate following a reduction in the U.S. corn export estimate.

SUGAR: THE INDIAN GOVERNMENT HAS PLACED A NEW BAN ON EXPORTS effective February 23, 1981, but retroactive to cover earlier commitments this crop year. At the same time, there was a cut in monthly rations to fair price shops in New Delhi from 900 to 700 grams per person. The sugar situation in the country is reported to be still tight, despite an increase in domestic production this year.

COCOA BEANS: WORLD PRODUCTION IN OCTOBER-SEPTEMBER 1980/81 is expected to be above the record 1979/80 outturn of 1.63 million metric tons. World cocoa bean grindings for 1981 are seen increasing to around 1.52 million tons from the 1980 level of 1.48 million tons. But they will still remain well below anticipated world production levels, indicating a buildup in world stocks for the fourth consecutive year.

COTTON: WORLD 1980/81 PRODUCTION IS ESTIMATED AT 65.2 MILLION BALES (480 lb net), based on the FAS World Crop Production Circular of March 10, 1981. Production estimates for major producing countries are unchanged from those of February 1981. U.S. production is estimated at 11.1 million bales, and foreign production at 54.1 million bales. Soviet and Chinese production are estimated at 14.3 and 12.1 million bales, respectively.

World cotton exports in 1980/81 are estimated at 19.7 million bales, the lowest since 1977/78. Most of this decrease is attributed to a reduction in Turkey's export forecast.

U.S. 1980/81 exports are forecast at 5.7 million bales, considerably below the large 1979/80 level of 9.2 million bales but above average. U.S. exports for the first 6 months were 2.8 million bales, or 49 percent of projected 1980/81 exports.

World cotton imports are forecast at 19.8 million bales, 3.1 million below last year's high level. The largest reduction is expected in China—down 900,000 bales, owing largely to record domestic cotton production. Western Europe is expected to take 700,000 fewer bales in 1980/81 because of a general slowdown in textile demand. Taiwan shows the third largest decrease, at 500,000 bales, with projected imports by Japan, Hong Kong, and Korea also down somewhat because of weakness in textile demand. Among major importing areas, Eastern Europe alone shows an increase, but only a marginal one.

TOBACCO: CIGARETTE PRICES IN THE UNITED KINGDOM INCREASED 18 PERCENT on March 14, 1981, as a massive tax increase imposed by the recently announced 1981/82 budget took effect. A pack of 20 king-size cigarettes will now cost US$2.10.

The excise tax on cigarettes went up 34 percent to the equivalent of about US$40 per 1,000. The value-added-tax (VAT) rate remains at 15 percent, and the ad valorem tax component, at 21 percent. The actual amount of both of these taxes will increase, however, as a result of the higher specific tax, which raises the base for both taxes. The specific excise tax on cigars is also up 34 percent to 34.29 pounds sterling (US$81.37) per kilogram. The new budget abolished the tax surcharge on high-tar cigarettes.

U.S. leaf exports to the United Kingdom totaled 14,728 tons valued at $78.2 million during 1980, down 52 and 44 percent, respectively, compared with exports in 1979. The high domestic taxes in the United Kingdom are expected to result in further decreases in U.S. leaf exports to this market in the years ahead, as cigarette consumption drops and the U.K. manufacturers seek lower cost leaf from other suppliers.

MEAT: WORLD SUPPLIES ARE EXPECTED TO TIGHTEN this year as red meat production in approximately 50 of the major producing and trading countries declines about 1 percent from the 1980 level to 78.8 million metric tons. The decrease in red meat output will result largely from a sharp drop in North American pork production and another decrease in Soviet meat production.

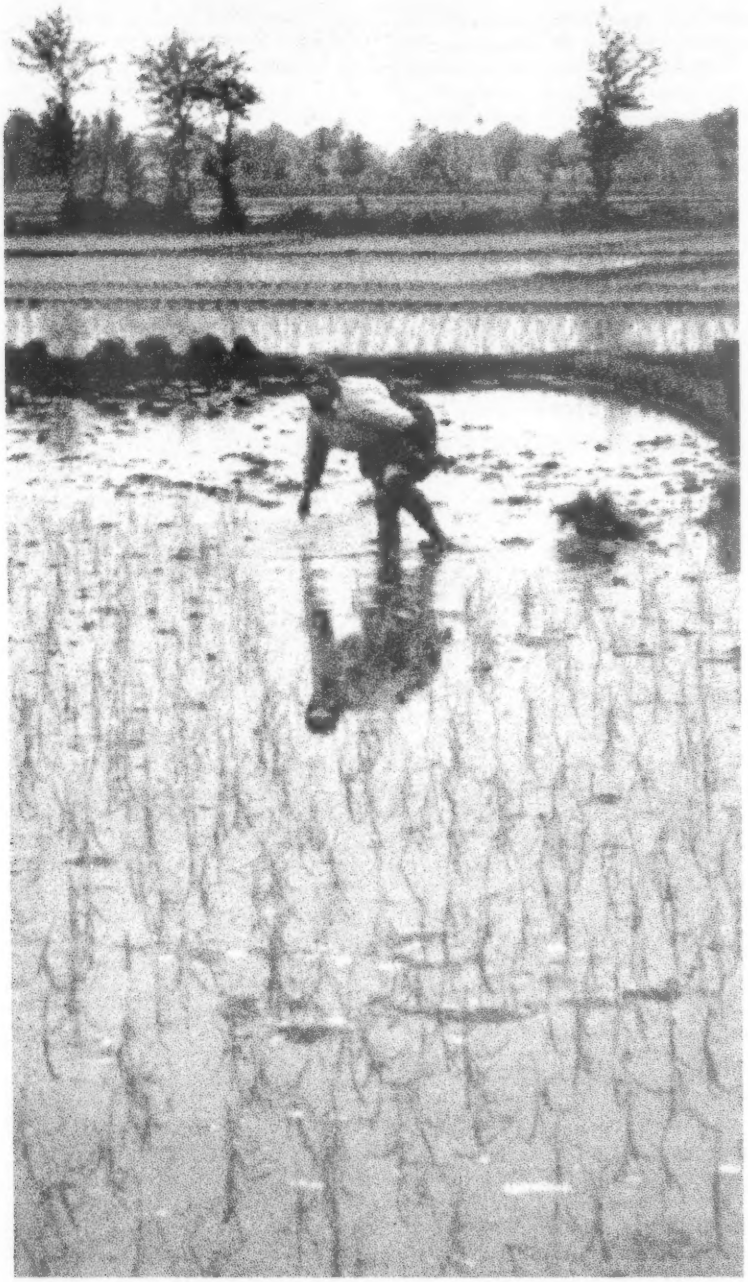
Trade in meats by the major producing and trading countries during 1981 is expected to remain near the 1980 level of 14.2 million tons, which in turn was down 4 percent from the 1979 level of 14.8 million tons. A slight decline in meat exports is forecast, partly because of lower beef exports from Australia and Argentina; however, total imports should rise about 2 percent, led by growth in Japan's pork imports.

LIVESTOCK: PRELIMINARY DATA ON WORLD CATTLE NUMBERS as of January 1981 indicate a strong increase during 1980, the second consecutive year of growth after a trend of declining numbers since 1975. Strong gains in Brazil and the United States more than compensated for declines in Australia and Poland.

Cattle numbers in the Soviet Union at the beginning of this year were just fractionally larger than those of a year earlier at 11.5 million head. The number of cattle in Eastern Europe declined about 1 percent, primarily because of a 4-percent drop in Poland, the country with the largest herd. Hog numbers in many of these same countries were down slightly at the beginning of 1981. Reduced numbers in the Soviet Union and the United States—the two countries with the largest hog inventories—and in Japan more than offset gains in many other countries.

Iran's Farm Imports Could Hit Record High in 1981

By Michael E. Kurtzig and John B. Parker, Jr.



War and other recent disruptions of agricultural production and trade in Iran have exacerbated food shortages there and created an urgent need for stepped-up imports. As a result, Iran's agricultural imports in calendar 1981 could reach a new high of over $3 billion, compared with $2.0-$2.4 billion annually since 1977.

These substantially larger import projections assume that Iranian ports now in operation will continue to remain so, and that Iran's recent policy of increasing food imports to reduce or avert shortages of food—particularly in urban areas—will continue. Reduced domestic agricultural production, efforts to maintain previous levels of consumption, and historical trends for agricultural imports all point to a new high for agricultural imports in 1981.

U.S. commodities virtually disappeared from the Iranian market after the November 4, 1979, seizure of American hostages by Iranian militants. The release of the hostages on January 20, 1981, led to the lifting of U.S. trade sanctions against Iran, and the shipment of 63,000 tons of U.S. wheat to Iran was reported to USDA in February and March.

While these sanctions never included food products, the International Longshoremen's Association refused to load ships destined for Iran, and food exports all but stopped. U.S. trade statistics show only $8.2 million worth of U.S. farm products moving to Iran in calendar 1980—a far cry from both the record high of $538 million shipped in 1975 and the $415 million of 1979.

Shortly after the release of the hostages, west coast longshoremen dropped their boycott against ships destined for Iran; in late March,

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longshoremen on the east coast lifted their ban.

Besides wheat, sales of U.S. rice, feedgrains, soybean meal, vegetable oils, poultry meat, eggs, and pulses are possible. However, it is unlikely that U.S. sales will quickly return to the 1975 record high.

At that time, Iran was highly dependent on the United States for some of its basic foodstuffs. In 1974-78, for instance, the United States supplied roughly 80 percent of Iran's imported wheat and rice, about 75 percent of the vegetable oil, half of the corn, and about half of the barley. U.S. share of Iran's total agricultural imports reached a high of 40 percent in 1975 and then dropped to about 20 percent in 1979 and less than 1 percent last year.

The sharp decline in the U.S. market share between 1975 and 1979 reflects Iranian effort to diversify trade.

U.S. wheat exports to Iran fell from 1.2 million tons in 1978 to 610,000 in 1979, the year in which the Shah was deposed. They then plunged to 50,000 tons in 1980 and represented the only officially recorded U.S. agricultural exports to Iran for the year.

U.S. shipments of rice in 1979 were strong at 285,000 tons, compared with 282,000 the previous year. Last year's sharp increase in U.S. rice shipments to the United Arab Emirates (UAE)—to 152,000 tons from 53,000 in 1979—suggests that U.S. rice may have moved to Iran in 1980 also. Dubai, in particular, is an important transshipment point, with modern port facilities allowing quick transfer of cargoes to the smaller boats that operate between Iran and the UAE. As a major financial center, Dubai also has been instrumental in providing letters of credit for traders who cannot obtain them through banks in Iran or other countries.

In contrast to Iran's petroleum-powered spending spree of the mid-1970's, the increase in imports now is focusing on the necessities of life. The effect of the revolution, plus 6 months of war with Iraq, has interrupted the import of needed foodstuffs; contributed to setbacks in domestic production and marketing; and led to shortages of meat, rice, sugar, cooking oil, cigarettes, and other items. Larger imports will help restock the grocery shelves and compensate for smaller crops, but they will be short on the luxury products once justified by Iran's rapidly increasing petroleum production and income.

Following the quadrupling of oil prices in 1973, Iran's petroleum revenues soared to a record $24 billion in 1978 from only $5.3 billion in 1973. Subsequent cutbacks in Iranian petroleum output—initially for political reasons and in late 1980 because of Iraqi bombing of refineries at Abadan and Tabriz—reduced earnings to $11 billion in 1979 and less than $6 billion in 1980. And low earnings appear likely again in 1981 as a result of the war with Iraq.

These sharp declines in income indicate that agricultural imports this year may be underwritten in part by the return of Iranian assets that were frozen by the United States after the seizure of the hostages. The country's offer to pay off all outstanding loans from American banks as part of the hostage-release settlement may have enhanced Iran's chances of obtaining financing for the needed imports.

In contrast to Iran's petroleum-powered spending spree of the mid-1970's, the increase in imports now is focusing on the necessities of life."

Iran thus is back to a more modest scale of living. It has not, however, been able to eliminate the import dependence that developed with the growth in petroleum income. Twenty years ago, the country was a net agricultural exporter; 10 years ago, about self-sufficient. Today, Iran depends upon imports for around one-third of its food supply, with the degree of dependency rising to 50 percent in Tehran and other large cities.

Contributing to the food-supply problems were disappointing agricultural results in 1979 and 1980, when the war was a factor in reduced production in parts of Western Iran, traditionally a surplus producer for food-deficit regions of Central Iran. The country's grain production last year came in at about 6.8 million tons, or slightly below the 1975-79 average. Wheat production fell to around 4.8 million tons from 5.0 million in 1979 and 5.5 million annually recorded in the mid-1970's, while feedgrain production (primarily barley) reportedly rose slightly to 1.2 million tons from 1.1 million in 1979. Rice output in recent years has plateaued at about 850,000 tons (milled) annually—with imports supplying the increased consumption needs. Larger declines were recorded in other sectors, such as the broiler industry, where output has plummeted as a result of disease, feed shortages, and other disruptions. U.S. corn shipments to Iran in March 1981 were 35,500 tons.

These setbacks will necessitate large increases in imports of key agricultural commodities. Grain imports, for instance, could rise to 4 million tons from the 3.2 million of 1980 and the 2.5 million of 1979, with growth likely to be especially pronounced if Iran is successful in reviving its poultry and dairy industries. Larger rice imports are expected from Thailand, Burma, and India this year—diminishing the likelihood of a full recovery in U.S. rice exports to Iran. Also in prospect are increased imports of soybean oil from Brazil—the leading supplier last year—and wheat, dairy products, barley, and sugar from the European Community (EC).

Should Iran's agricultural imports increase as expected in 1981, it will be the first strong advance since 1975, when imports began to plateau following a sharp runup in the 3 previous years.

The first boom in Iran's agricultural imports began after the quadrupling of petroleum prices in 1973, when imports soared from $454 million to $1.3 billion in 1974 and $2 billion in 1975. The buying sprees of 1974 and 1975 caused severe port congestion, reducing food imports in 1976 and forcing a drawdown of grain stocks.

Congestion at the major port of Khorramshahr during 1974 and 1975 prompted Iran to expand facilities at other ports, including Bandar Khomeini (formerly Shahpur) and Bandar Abbas. Bandar Abbas is now extremely congested because of the war's closure of the port at Khorramshahr and problems at Bandar Khomeini.

Imports since 1976 have moved erratically but slowly higher, except for a 2-percent dip in 1979. The record prior to 1980 was $2.2 billion—achieved in 1978, the last full year of the Shah's reign. Imports in 1980 are estimated at over $2.4 billion.

The 1979 trade decline came in response to some dramatic trade policy changes by the newly installed

Khomeini regime. The policy of importing all types of food—basic to semiluxury—that had prevailed from 1973 to 1978 was changed abruptly in February 1979 to allow imports of basic items only. The Government banned imports of many processed foods, fresh fruits, and some meat items—imports that had been rising steadily prior to 1979. The ban led to food shortages and a Government decision the following year to relax its import restraints.

Changes in trade policy also had a dramatic influence on sources of supply. Whereas the United States was Iran's leading agricultural supplier through 1979, Australia moved into that position last year, shipping $300 million worth of farm products—triple its 1979 exports. Last year, Australia accounted for almost 1 million tons of the 1.6 million tons of wheat imported by Iran. It also supplied, wheat flour, barley, 1.5 million head of live sheep, and about 22,000 tons of mutton.

The nine countries of the European Community exported about $500 million worth of farm products to Iran last year. This was up from the previous record $344 million worth supplied in 1978 but nearly six times the $87 million recorded in 1974. High prices for sugar helped boost the value of EC exports to Iran in 1978-80, while EC shipments of milk, cheese, barley, and vegetable oils also trended upward during 1973-78.

The EC, Turkey, and Argentina each sent about 100,000 tons of wheat to Iran last year. Imports of wheat flour also picked up last year from the EC, Australia, and the UAE.

Iran's imports of rice rose from about 370,000 tons in 1979 to nearly 500,000 in 1980, much of it probably transshipped through Dubai.

Total rice imports by Dubai soared from 84,000 tons in 1978 to 247,000 in 1979 and possibly 300,000 tons in 1980 because of much larger imports from the United States, Thailand, and Pakistan. Since the population of Dubai rose only slightly in those 3 years—to about 300,000—much of the imported rice probably went to Iran. Dubai also has become an important distribution center for many other products entering Iran, including apples, oranges, processed foods, live sheep, cigarettes, and electrical appliances.

Direct Government purchasing apparently contributed to continued large feedgrain imports during 1980. These imports probably surpassed 1.2 million tons in 1980, compared with around 850,000 tons in 1979. Barley imports in 1980 reportedly exceeded 600,000 tons, with major suppliers including Canada, Australia, Turkey, and the EC. Argentina and Thailand were substantial suppliers of corn, estimated at 680,000 tons in 1980. Iran probably also imported U.S. corn via European markets, and corn and grain sorghum from several African countries, including South African corn shipped through neighboring countries. □

Iran's Total Agricultural Imports With Quality and Value for Selected Commodities, Annual 1975-79 and Estimate for 1980

Item	1975	1976	1977	1978	1979	1980	1975	1976	1977	1978	1979	1980
	1,000 metric tons						*Million dollars*					
Cereals:												
Wheat	1,440	527	1,227	1,206	1,200	1,555	335.7	101.8	181.0	202.0	170.0	285.0
Wheat flour[1]	65	38	45	52	56	42	11.0	6.6	8.0	11.0	12.0	10.0
Rice	371	326	630	367	440	470	156.0	120.0	213.0	201.0	225.0	250.0
Barley	277	380	334	467	200	600	29.0	36.1	50.5	74.0	34.0	110.0
Corn	174	214	328	334	500	680	12.0	29.0	70.1	65.0	90.0	133.0
Other cereals	69	122	233	283	50	100	8.1	13.8	23.5	36.0	7.0	12.0
Total cereals	2,396	1,507	2,797	2,709	2,546	3,447	551.8	307.3	486.1	589.0	538.0	840.0
Bakery products	10	12	14	17	20	3	15.0	18.0	21.0	27.0	29.0	5.0
Vegetable oil:												
Soybean oil	190	210	205	288	251	245	156.7	108.4	142.5	203.0	191.0	225.0
Sunflower	51	1	12	14	—	—	35.0	.3	7.5	8.0	—	—
Cottonseed	22	15	20	40	51	11	12.0	8.0	17.2	30.0	32.6	10.0
Other	7	12	13	14	8	9	4.0	10.0	12.0	12.0	7.0	8.0
Total	170	238	250	356	310	365	207.7	126.7	179.2	253.0	230.6	243.0
Soybean meal	16	69	60	100	150	95	2.7	13.4	12.0	21.5	35.0	24.0
Oranges	189	261	110	65	30	20	55.0	75.8	32.9	23.0	13.0	11.0
Bananas	118	121	58	100	80	45	35.8	37.1	20.4	37.0	30.0	20.0
Apples	59	62	61	39	20	5	30.5	37.2	42.0	29.0	20.0	4.0
Sugar	633	279	488	876	746	800	540.7	241.5	161.3	241.0	253.0	520.0
Tea	12	17	12	20	21	22	20.0	30.0	50.0	59.0	55.0	49.0
Beef	15	27	40	28	42	49	25.5	48.9	66.6	50.1	85.0	120.0
Mutton	38	34	82	50	65	70	61.6	47.4	107.3	96.0	131.0	150.0
Poultry meat	17	16	30	16	15	65	22.4	35.0	29.2	20.0	19.0	75.0
Other meat	1	2	2	5	4	1	.5	1.0	1.0	3.0	3.9	1.0
Eggs	10	18	22	30	48	38	12.5	22.1	25.0	31.0	50.0	42.0
Milk	14	13	31	15	11	14	27.9	29.4	52.4	29.8	22.0	25.0
Butter	27	26	26	29	28	18	33.1	33.9	34.0	35.0	30.0	25.0
Cheese	11	25	41	40	46	38	17.7	30.9	55.2	68.0	86.0	84.0
			1,000 head									
Cattle	7	8	14	15	17	16	6.5	5.8	8.3	12.0	15.0	14.0
Sheep and goats	1,517	1,973	3,100	3,056	3,000	3,300	39.5	46.8	91.1	91.1	100.0	195.0
Total	—	—	—	—	—	—	2,011.0	1,478.1	2,026.0	2,201.0	2,130.0	2,400.0

[1]Converted to wheat equivalent; 1 ton of flour equals 1.39 wheat equivalent.

Eastern Europe: Part II

U.S. Agricultural Market With Strong Potential

By Judith G. Goldich

The United States is a major exporter of agricultural products to the countries of Eastern Europe[1], supplying $2.3 billion worth in fiscal 1980, 56 percent greater than in the previous fiscal year.

Part I of this two-part article discussed the trade relationship between these countries and the United States in somewhat general terms. Part II goes into greater detail and gives a more precise outline of this relationship between the United States and the seven individual countries that, for the purpose of this article, constitute Eastern Europe.

Exports of U.S. agricultural products to **Bulgaria** more than doubled to reach $103 million in fiscal 1980. Corn and soybean cake and meal were the two most important items, accounting for $92 million, but a number of other products, including cattle hides, tobacco, soybean concentrates, almonds, and navy beans were also shipped. Agricultural products typically account for more than three-quarters of the value of U.S. exports to Bulgaria each year.

U.S. imports from Bulgaria dropped by more than 25 percent and, at $17 million, were dominated by tobacco. Bulgaria is an important producer and exporter of tobacco and has made major efforts to reduce domestic consumption by introducing strict antismoking regulations, so as to make more tobacco available for the lucrative export market. However, tobacco production fell in 1980.

The U.S. Department of Agriculture and the Bulgarian Government's National Agro-Industrial Union signed a Joint Statement on Cooperation in Agriculture on November 26, 1979. (See *Foreign Agriculture*, April 1980.) The two sides have already made the first exchanges of information called for under the Joint Statement.

Also, the Bulgarian Government has indicated an interest in obtaining most-favored-nation (MFN) status, which would reduce U.S. tariffs on Bulgarian products coming into the country.

Bulgaria's net hard currency debt at the end of 1979 has been estimated at $3.9 billion, including $700 million owed to U.S. banks. While the debt has increased considerably since 1971, current Bulgarian policies to increase hard currency earnings have slowed its growth substantially.

Czechoslovakia took $246 million of U.S. farm products in fiscal 1980, substantially more than in the previous year. Grain shipments accounted for more than half the value, followed by soybeans and oilseed cake and meal. Whole cattle hides added more than $16 million to the total. Agricultural products have typically accounted for all but 10-20 percent of the value of all U.S. exports to Czechoslovakia in the past 5 years.

U.S. agricultural imports from Czechoslovakia are small—worth less than $10 million—with canned pork accounting for two-fifths of the total. Various fruits, nuts, and vegetable products account for most of the remainder.

At the present time, the United States has no bilateral trade agreement with Czechoslovakia, and the country is ineligible for MFN treatment. The Czechoslovaks have indicated interest in improving bilateral agricultural relations with the United States. However, no mention has been made of signing a formal agreement of the kind signed with Poland, Romania, and Bulgaria.

Czechoslovakia's net hard currency debts totaled an estimated $3.2 billion in 1979, including about $175 million owed to U.S. banks. Czechoslovakia is not eligible for U.S. Government credits or credit guarantees. While Czechoslovakia's debt has increased substantially in the last 9 years, the rate of increase slowed recently.

The **German Democratic Republic** was the second largest market for U.S. agricultural products in Eastern Europe for fiscal 1980, with the value of exports more than doubling the fiscal 1979 level. Almost all of the increase resulted from expanded corn exports—which more than doubled to reach 2.8 million tons—as well as substantially larger wheat shipments. Other U.S. exports to that country included grain sorghum, cattle hides, and soybean meal. A number of agricultural products shipped in fiscal 1979 either declined in volume or disappeared from the 1980 tally; these products included live animals, almonds, and sunflowerseed. As with most other East European countries, agricultural products by far dominate total U.S.-GDR trade.

U.S. imports from the GDR reached only an extremely modest $2.3 million in fiscal 1980. Furskins accounted for all but $500,000 of the total. While the GDR does export some meat and livestock products, those exports go to closer markets than the United States.

The GDR is the most highly industrialized country in Eastern Europe and will have a continuing—though varying—need for agricultural imports to satisfy domestic demand and to provide raw materials needed to produce some products for export.

U.S. relations with the GDR are evolving on a step-by-step basis. The Department of State has signed a consular convention and is in the process of negotiating a scientific and technical agreement. The East Germans in the past have expressed an interest in signing a bilateral agricultural cooperation agreement with the United States.

The net hard currency debt was estimated at $8.6 billion at the end of 1979, including $1.1 billion owed to U.S. banks. The GDR is ineligible for U.S. Government credits or credit guarantees. The growth of GDR borrowings in recent years reflects the rise in GDR imports of machinery, equipment, and technology from the

[1]Bulgaria, Czechoslovakia, the German Democratic Republic (GDR), Hungary, Poland, Romania, and Yugoslavia.

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West, largely financed with medium- and long-term credits, as well as borrowings to finance current imports, which have been necessitated by successive hard-currency trade-balance deficits.

The smallest market for U.S. agricultural products in Eastern Europe in fiscal 1980 was **Hungary**, whose imports of farm products that year were only $31 million, about the same as in fiscal 1979. Hungary, a net grain-exporting country, imported no U.S. grain in 1980, except 2 tons of rice. The Hungarians did receive $24-million worth of soybean cake and meal, along with minor volumes of cattle hides, tobacco, and cotton.

U.S. agricultural trade with Hungary comes closer to being in balance than that with any other East European country. U.S. imports during the 1980 fiscal year consisted mainly of canned pork, with minor amounts of cheese, other livestock and meat products, and wine.

U.S.-Hungarian relations have improved greatly in the past few years, and in 1978 the United States and Hungary signed a trade agreement, making it possible for the United States to extend MFN status to Hungary, in accordance with provisions of the Jackson-Vanik amendment to the Trade Act of 1974. Prior to the imposition of the Trade Act, a total of $5.8 million in CCC credits was used by Hungary to purchase grain sorghum and breeding cattle.

In fiscal 1979, Hungary used $15.8 million of CCC financing to purchase soybean meal.

A $15-million line of credit issued to Hungary in fiscal 1980 to buy protein meal was not utilized.

A Joint Statement on the Development of Agricultural Trade and Cooperation has been negotiated between the U.S. and Hungarian Governments. Most details were worked out at the April 1980 meeting of the agricultural subgroup of the U.S.-Hungarian Joint Economic Commercial Commission, and it is expected that the Statement will be signed in 1981.

Hungary's net hard currency debts total an estimated $7.3 billion. The amount owed rose rapidly from 1971 to 1978, but increased by only 12 percent in 1979, as measures to balance hard currency trade took effect. Hungary plans to develop export industries in the next 5 years, while

Agricultural scenes in Eastern Europe. Clockwise from top: Drying tobacco leaves in a Bulgarian village; making sausage at a Polish meat processing plant; feeding cattle in Yugoslavia; and handling hops at a picking center near Zátec in Czechoslovakia.

simultaneously reducing hard currency imports. Because Hungary's agricultural sector already is well developed, it seems unlikely that any great expansion of U.S. agricultural exports to that country will occur, barring major crop failures.

Poland is the largest market for U.S. agricultural products in Eastern Europe, with U.S. exports totaling $638 million in fiscal 1980, compared with the $450 million total in 1979.

Exports included 2.9 million tons of grain, 320,793 tons of soybeans, and 400,000 tons of soybean meal, as well as a number of other products, including cattle hides, cotton, tobacco, vegetable oil, rice, soybean isolates and concentrates, and tallow. The high-volume grain and oilseed shipments resulted primarily because Polish grain production in 1979—at 17.3 million tons—and rapeseed output were at the lowest levels of the past decade.

Vast quantities of grain and feed protein were needed in fiscal 1980 to make up for these crop shortfalls. Despite some improvement in grain output in 1980, declines in production of potatoes and other feeds mean that Poland's grain imports in fiscal 1981 from all sources will have to be as large as the transportation system and finances can handle.

CCC commercial export has played a role in expanding U.S. exports to Poland. In fiscal 1980, Poland utilized some of its carryover from fiscal 1979 to purchase feedgrains, protein meal, wheat, soybeans, cotton, vegetable oils, isolates, and other products. Total financing used was $627 million, very close to the value of total exports.

Between fiscal years 1962 and 1980, the Polish Government has used CCC funding to finance imports of over $1.6 billion of U.S. agricultural commodities. In fiscal 1981, Poland has been allocated $670 million under the credit assurance program.

Reductions in exports, coupled with transportation-system strikes and that country's increasingly unstable economy, have led many analysts to conclude that the Government of Poland will have to reschedule its debt payments and refinance some of its loans. Poland borrowed to finance investment in industrial projects as well as to pay for current imports, the value of which far exceeds that of exports.

For various reasons, much of the

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Record Grain Harvest Boosts Spain's Exports, But Drought Hurting 1981 Crop

By L. P. Bill Emerson

Hailed as the "harvest of the century," the 1980 Spanish grain crop—favored by excellent weather—hit a new high of 18.2 million metric tons following a sharp decline the previous year. The bumper crop, mostly barley and wheat, greatly altered Spain's 1980/81 grain trade picture. However, the outlook for this year's grain crop is ominous, owing to a severe winter drought, and output could fall to around 13 million tons.

As a result of the large 1980 grain outturn, Spain has more than 1 million tons of wheat and sizable amounts of barley available for export—mainly to the USSR and nearby North African markets. But much of the 4.5-million-ton gain in 1980's grain production will likely be fed to livestock and poultry, displacing some of Spain's feedgrain imports.

Although Spain's grain exports are expected to reach record high levels in 1980/81, virtually no exports are seen during 1981/82 because the upcoming crop is being adversely affected by the severe drought in central and southern Spain. Consequently, Spain's imports of corn and sorghum are expected to increase in 1981/82.

U.S. coarse grain exports to Spain in 1980/81 (July-June) could be as much as 700,000 tons above the previous season's level of 3.5 million tons as the United States again fills the gap left by decreased shipments of Argentine corn to Spain that recently ran about 1.5 million tons annually.

Through early 1981, Spain had experienced one of the driest winters on record, and the implications for the nation's agriculture will be far reaching. Recent rains have eased pressures somewhat, although much more precipitation is needed to replenish soil moisture reserves. The important winter wheat and barley crops have been particularly hard hit, with germination minimal in many areas.

Because pastures have dried up, cattle and sheep farmers have had to turn to grains, hay, and straw to maintain their herds and flocks. Ground moisture and reservoir water had dropped to low levels during the drought.

Spain's 1980 grain production is up substantially from 1979's drought-stricken crop of 13.7 million tons and well above the previous high of 16.2 million in 1978.

The Ministry of Agriculture's estimates of the bumper 1980 harvest (with 1979's output in parentheses) are: Barley, 8.6 million tons (6.2); wheat, 5.9 million (4.1); corn, 2.2 million (2.2); oats, 664,000 (456,000); rye, 290,000 (220,000); sorghum, 173,000 (215,000); and milled rice, 299,000 (295,000).

Timely rains in April and May of last year gave rise to high yields for barley, wheat, oats, rye, and sorghum. Barley yields increased 39 percent in 1980, while wheat yields grew 38 percent.

Spain receives only about one-third of the annual rainfall found in France and northern Europe, and if rains occur in late April and May when the grain is heading out, an excellent crop usually follows. However, because of Spain's erratic rains, yields for most grains vary tremendously from year to year.

Unlike barley and wheat, most of the country's corn crop is irrigated—65 percent at present. As a result of improved varieties and sufficient fertilizer, corn yields have shown steady increases in recent years with little variations unless there is a late spring frost.

Barley and wheat are generally grown in the same areas, but barley normally responds much better to favorable weather. Nonetheless, barley varieties reportedly have not changed much over the past 10-20 years, while wheat producers have

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rapidly switched to new varieties and other technology. Thus, wheat yields have risen dramatically with widespread use of semi-dwarf varieties (mostly soft-white), better seed, and heavy applications of fertilizer (which semi-dwarfs can take without lodging).

Although planted area for grains has not varied significantly during the past couple of years, several trends have appeared over the past decade. Plantings of wheat and corn have declined, while those of barley have expanded. From 1970 to 1980, changes in planted areas (in 1,000 hectares) were: Wheat, from 3,775 to 2,649; corn, from 539 to 459; and barley, from 2,224 to 3,424.

Meanwhile, area planted to less important local grains, such as sorghum, rye, and rice has expanded moderately, while that for oats has diminished. Thus, roughly 1.1 million hectares of wheat and 80,000 of corn have been switched to barley plantings in rotation with other crops.

Production gains for wheat and corn during the 1970's were wholly attributed to improved yields, while barley's increased output resulted from both higher yields and expanded area. From 1970 to 1980, production increases (in 1,000 tons) were: Barley, 3,103 to 8,561; wheat, 4,126 to 5,901; and corn, 1,847 to 2,248. Crops of sorghum, rye, and rice have trended upward, primarily because of higher yields. Oats have shown a long-term decline in production.

Despite the substantial production increases during the 1970's, Spain's need for imported feedgrains rose dramatically as demand, fueled by the expanding poultry and swine sectors, outpaced local supply.

During the past decade, the Spanish poultry industry has become one of the most modern in the world. In 1979, annual per-capita consumption of broiler meat in Spain rose to 20 kilograms (44 pounds)—a rate that is surpassed only in Israel and the United States.

Pork production also climbed sharply during this period. As a result, Spain's corn imports more than doubled, from 1.97 million tons in 1970/71 to 4.47 million in 1979/80 as sorghum imports went from 412,000 tons in 1970/71 to 775,000 in 1979/80.

However, recent signs point to a leveling off in Spanish meat production and consumption, primarily because of economic factors. Spain's economy is suffering from "stagflation" that consists of limited growth, unemployment running at 12 percent, and inflation ranging around 15 percent.

On the other hand, the tourist trade is still flourishing at a level close to 1979's count of 39 million visitors—versus the country's population of 37 million. In short, foreign tourists consume a significant portion of Spain's meat outturn.

Yet, despite this good outlet for meat, the slowdown in domestic consumption resulted in reduced beef and pork imports and increased lamb and mutton exports in order to maintain output and reduce meat stocks. These exports flow mainly to nearby North African and Mideast markets.

Even with the meat exports, Spanish livestock and poultry producers still face a cost/price squeeze. As a result, the country's consumption of feedgrains is expected to register only minimal increases in the next few years, with the volume remaining around 15 million tons annually.

For the current 1980/81 marketing year, Spain's outlook for imported feedgrains is clouded by the:

- Record domestic grain crop;
- Tightening world feedgrain situation and higher prices, coupled with the recent devaluation of the peseta, amounting to about 23 percent; and
- Stagnant demand from domestic dairy, livestock, and poultry industries.

Total Spanish corn imports are now estimated at 3.8-4.0 million tons during 1980/81, compared with 4.5 million in 1979/80. Of the current season's imports, the major portion is expected to come from the United States—the major supplier.

Traditionally, Spanish importers have paid a premium for Argentina's yellow corn because it gives chicken meat a yellowish color preferred by Spanish consumers. However, most of Argentina's corn last season was sold to other markets, especially the USSR. As a result, U.S. corn replaced much of the 1.5 million tons that Argentina usually ships to Spain.

U.S. corn exports to Spain in 1979/80 reached some 2.8 million tons, worth about $500 million. Spanish poultry producers added alfalfa pellets, carotene, and other additives to U.S. corn in substituting for "yellow" Argentine corn. This practice may continue if yellow corn is not available from Argentina in the near future.

Trade sources expect virtually no imports of barley and about 300,000 tons of sorghum in 1980/81, compared with Spanish imports of about 530,000 tons of barley and 850,000 tons of sorghum last season. At that time, sorghum was favorably priced vis-a-vis barley; thus, a large volume was imported.

This season, however, with Spanish barley abundant and relatively low priced, it will be used to the maximum extent possible in order to replace imported corn and sorghum.

A small share of Spain's barley crop—roughly 400,000 tons—goes into beer production. Of this, only about 20 percent is used during the fermentation process and about 360,000 tons are returned to the market for animal feeding. Still, poultry producers prefer to use corn instead of barley, so they have to import most of their supplies.

Spain's exports of wheat and barley are forecast at a record 1.65 million tons in 1980/81. Of these, some 1.45 million tons, valued at roughly $300 million, were purchased by the USSR.

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Zimbabwe's Tobacco Growers Weather a Difficult Year . . .Better Times Ahead?

By James O. Howard

On April 18, Zimbabwe (formerly Rhodesia) will celebrate the anniversary of its first year of independence—a period that also has seen a marked turnaround in the country's recently beleaguered tobacco industry.

Producers of Zimbabwe's No. 1 agricultural export, tobacco, came under tremendous pressure last year as two successive large (and poor-quality) crops left the country with record-large tobacco stocks. These huge stocks, coupled with sluggish demand from foreign buyers, prompted imposition of a program that limits commercial marketing of flue-cured tobacco in the 1981 auction season, beginning April 22, to 70,000 metric tons. This represents a sharp cutback from the near-record 122,571 tons of flue-cured produced last year and precipitated a shakeout of marginal producers. As a result, the number of flue-cured growers in Zimbabwe fell to 1,185 in 1980/81 from 1,540 in 1979/80, while flue-cured output plummeted to an estimated 72,000-73,000 tons.

Quality of the crop is reportedly improved from that of the previous year's, and stocks have been drawn down to around 60,000 tons, most of which are believed to have been committed.

These changes have laid the basis for substantial improvement in prices and quality of auctioned tobacco this year. Moreover, the resiliency of growers, who can readily shift between tobacco and other crops, and the country's history of on-again, off-again production controls suggest that a strong rebound in prices could precipitate another production surge a few years hence. The industry's fate, of course, also hinges on political stability in the country; the impact of possible land reform measures; and the future in Zimbabwe of white farmers, who still dominate flue-cured production.

Since Zimbabwe produces largely flue-cured tobacco for export, any strong production rebound would mean stiffened competition for U.S. flue-cured in world markets. One focal point of competition could well be the European Community (EC), which in fiscal 1980 received $338.6 million worth of U.S. flue-cured tobacco. The EC now extends duty-free treatment to Zimbabwean tobacco, compared with the 23-percent ad valorem duty charged for standard U.S. flue-cured. Moreover, Zimbabwe can be expected to re-establish ties to the U.K. market, where Rhodesian tobacco enjoyed a 20,000-ton annual import quota prior to 1965.

Tobacco long has been the leading agricultural export for Zimbabwe, but with wide production swings reflecting both the vagaries of weather and rapidly changing conditions in the world market.

The most drastic change was the im-

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Background Notes on Zimbabwe's Tobacco Production and Marketing

Tobacco has been grown in Zimbabwe (the former Rhodesia) since long before the first permanent white settlement was created. Apparently, Portuguese traders introduced tobacco to the black population, who produced it both for their own use and as an item of trade. The white settlers began to experiment with it soon after their arrival.

In the succeeding decades, the industry had numerous ups and downs, but the ups were sufficient to attract more growers from abroad. The major dampener on production was stiff U.S. competition in world markets, which served to restrain expansion in the industry up until the end of World War II.

After the War, the United Kingdom was short of dollars and consequently willing to provide incentives to encourage production in an alternative supplier—Rhodesia. By 1964, the year before UDI, Rhodesia had become—both in volume and quality—a leading U.S. competitor in the important U.K. market.

Even then, however, the country was troubled by periodic tobacco surpluses, with the industry turning increasingly to the Government for help. A record tobacco crop of 137,850 metric tons in 1964 created a bad slump in prices, which along with the impact of sanctions in 1966 accelerated the movement out of tobacco. Between 1964 and 1970, the number of tobacco growers dropped from 2,700 to 1,700. Government-imposed quotas forced the remaining growers to move increasingly into other crops, which fitted into Government plans to become self-sufficient in products—such as cotton, wheat, and oilseeds—that had previously been imported.

In seasons when controls were applied to production—1966 through 1974, and then again in 1976/77 and 1977/78—quotas were established by the Rhodesia Tobacco Association and the Government, following consultations with the trade. The recently imposed quotas thus are in keeping with a long-established trend, interrupted only occasionally.

Flue-cured tobacco, which accounts for more than 90 percent of total tobacco output by Zimbabwe, is regulated by the Tobacco Marketing Board (TMB) and sold exclusively through an auction system. The Board consists of an independent chairman, three growers' representatives, three trade representatives, and an observer from the Ministry of Agriculture. Its costs are divided evenly between the Zimbabwean Tobacco Association (ZTA) and the Tobacco Trade

position of U.N. trade sanctions against Rhodesia in 1966 following the country's unilateral declaration of independence (UDI) from the British Commonwealth in 1965. The subsequent loss of major export markets caused a sharp decline in tobacco output, to a low of 54,298 tons in 1968. This was followed by a gradual comeback as Rhodesia developed trade channels through "friendly" nations and finally reentered the world trade fold as the independent, majority-ruled nation of Zimbabwe.

After achieving independence in April 1980, Zimbabwe was relieved of the U.N. trade sanctions and granted tariff preferences in important markets such as the EC. However, favorable producer reaction to that prospect proved excessive in the face of a sluggish world market for flue-cured and the slow return of former customers. Flue-cured output by 1979 had rebounded to 114,488 tons and went on to surpass 122,000 tons in 1980—thus approaching the record 137,850 tons harvested in 1964, the year before UDI. These large crops came during a period of prolonged drought, with the result that while volume was up, quality was down.

Yet tobacco sales continued to be held down by trade sanctions, which kept exports at less than 80,000 tons annually until 1980. Although up considerably from the low of 29,000 tons registered in 1966, these exports were far below the 1965 record of 120,898 tons.

Prior to UDI, the largest export shares had moved to the United Kingdom, with its guaranteed market for some 20,000 tons of Rhodesian tobacco annually, and to other EC members. The U.K. Government allowed its users to bring in some Rhodesian tobacco at the beginning of the sanction period, so as to give manufacturers time to adjust their cigarette mixes; however, the sanctions were beginning to hurt producers by 1967 and 1968. Moreover, this tobacco has distinctive characteristics that made it recognizable and hence aided in enforcement of sanctions.

The Government and trade eventually found ways to circumvent sanctions, including sales to new markets, but it cost money. Those who cooperated in selling the country's tobacco charged a sizable price, and markets in Western Europe were largely cut off, prompting the rise of alternate sources of supply that continue to have a strong hold on those markets.

Thus, even after the sanctions were removed, previous customers for the country's flue-cured tobacco were slow to return. Last season there was a wait-and-see attitude, reflecting in part a concern about Zimbabwe's political stability and its dependability as a source of supply.

The large crop and sluggish export demand caused an excessive buildup of stocks by 1980 and corresponding declines in prices, as reflected in the final auction results for 1980.

During the 1980 auction season, which ran from April 7 to November 13, sales of flue-cured tobacco totaled 122,571 tons at an average price equal to about US$1.27 per kilogram, compared with 111,687 tons sold at around US$1.32 a kilogram in 1979. The higher volume brought Zimbabwean farmers some US$8 million more than in 1979. However, the average price was said to be 4.4 percent below cost of production when only variable costs are included and 19.5 percent under when overhead costs of land and other capital items are considered.

Results could have been worse, however, had not the tobacco producers and Government initiated steps to stabilize the market. In response to requests by producers, the Government in July 1980 announced a fixed marketing quota limiting 1980/81 marketings of flue-cured

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Association.

Marketing of flue-cured begins with crop estimates obtained by the TMB from each grower several times a year. On the basis of the first such estimate, the TMB sends to each grower a quota for tobacco deliveries to the two commercial auction houses operating in Zimbabwe. These quotas are broken down into short time periods throughout the season and amended as needed.

Actual auctioning of the tobacco progresses in the following fashion:

The grower delivers his tobacco to one of the auction houses, where it is booked in and scheduled for sale—which generally occurs about a week after the tobacco is received. The auction house floor is "laid" the afternoon before the sale, with bales placed in position. The following morning they are opened, samples are drawn from specified areas therein and placed on the bale. TMB officials then classify each bale.

When the auction opens, the line of buyers comes down each row of bales. Each line consists of no more than 13 "A" licensed buyers, who purchase for their own accounts or for someone else but in any event plan to keep the tobacco, and 1 "B" licensed buyer, who purchases for resale. After the bidding and resulting sale, a senior buyer and a grower's representative check each sale. If the grower objects to the price, he can tear the ticket, thus nullifying the sale. The buyer can then tear a ticket of his choice. Once a transaction is completed, the buyer collects the bale and removes it from the auction floor.

The local firms represented by these buyers play an important and unique function. They buy the entire crop and hold what is not sold as carryover stocks. Neither the Government nor the ZTA own stocks. At the end of the 1980 season, such firms carried over about 139,000 tons, some of it held for overseas users.

The TMB also is responsible for implementing marketing controls—such as the 70,000-ton production quota for 1980/81—and for monitoring pesticide residue on tobacco.

Marketing of burley, which accounts for only about 6 percent of Zimbabwe's total tobacco output, was handled through the auction houses until 1976, when the crop was deemed too small to justify auctioning. As a result, the auction houses now buy the crop on a "price per classification grade basis" with prices set in advance for each grade of "supported" tobacco. That price then becomes the minimum price. All "unsupported" or nondescript qualities and styles are also sold at fixed prices, but do not affect the average return for acceptable tobacco.

The TMB uses quota and classification systems for burley similar to those for flue-cured—treatment that has contributed to the gradual increase in burley production since 1977, despite disruptions caused by guerrilla warfare in production areas.

—*James O. Howard.* □

tobacco to 70,000 tons, farm sales weight (FSW). This amounts to a little over half of 1979/80 marketings.

The overall quota was portioned out to individual farmers on the basis of sales during the past 2 years, with special provisions for hardship cases. Production in excess of the quotas must be destroyed, but this will be minimal given the small size of the 1980/81 crop.

Marketing quotas have been used in past years to control the country's highly variable tobacco production, but growers then were protected by price supports, while now they are not. Instead, the 1980/81 program encouraged the private trade to isolate part of the excess stocks from the market. The Government guarantees loans at low interest rates from private banks of up to Z$20 million (US$32 million at recent exchange rates). Producers, in return, must withhold tobacco from the market for 2 years.

Any profit realized as a result of good business practices and a favorable market will be the buyer's, while any loss will be made up by the Government. In the case of loss, the Government also will pay packing and storage costs up to Z$7 million (US$11.2 millon).

Purchases under the program were limited to the middle grades of "bread and butter" tobacco, since the better grades have continued to sell at a profit, while the Government wants to see lower grades moved off the market.

Announcement of the program brought immediate improvement in the market, and prices continued to move up throughout the remainder of the auction season. At the same time, foreign buyers began viewing Zimbabwean tobacco with increased interest following their initial reluctance to plunge into the market. In explaining this change, one industry spokesman suggested that Zimbabwean tobacc had become so cheap that foreign buyers realized their competitors would purchase the tobacco if they did not.

After the auction closed, foreign buyers continued to show interest in Zimbabwe leaf, and merchants holding stocks began selling at a profit. As a result, those who had purchased under the surplus removal scheme began having second thoughts about holding their tobacco off the

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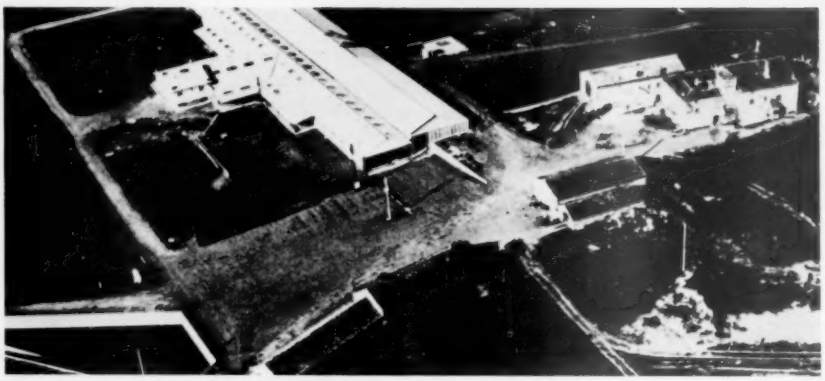
France's Dairy Production Uptrend Causing Problems With Stocks, Subsidies

By James Lopes



France's dairy industry is growing rapidly, creating problems for both France and the European Community (EC). France's output of cow's milk is at its highest level ever, and production of milk products and their exports are climbing. But the rise in production is adding to the EC dairy surplus, and because of high domestic prices, dairy product exports require large subsidies to enable them to compete in overseas markets.

France's dairy industry is an important element in the French economy. In 1979, the sector produced dairy products valued at the equivalent of $6.6 billion,[1] representing nearly one-third of France's total output of livestock products and 17 percent of the value of France's agricultural production. Dairy exports that year amounted to $1.8 billion—up sharply from $1.3 billion in 1978.

In 1979, dairy products were France's third leading agricultural export and accounted for about 12 percent of the $15.5 billion in total agricultural exports. The trade surplus in dairy products amounted to about $1.4 billion.

France's cow's milk outturn has risen almost steadily over the past decade, climbing by 23 percent between 1969 and 1979 to 33 million tons, for an average annual gain of 1.8 percent. Output is still growing and was expected to rise 5 percent in 1980, up from the 3.1-percent increase in the previous year.

But, while the milk production rise was relatively modest, factory output of milk products has soared. French commercial production of all cheeses rose 61 percent between 1969 and 1979 to 1.1 million tons, and a 5-percent increase was indicated for 1980. In the same 10-year period, butter production rose by more than one-fifth, dried whey by 4½ times, and casein output almost doubled. Nonfat dry milk outturn rose sharply in the early 1970's to a high of 730,000 tons in 1975, trended downward to 699,000 tons in 1979, but rebounded to an estimated 740,000 tons in 1980.

During the past decade, the structure of the French dairy sector has been changing rapidly. The number of dairy animals has fluctuated between 7.4 million and 7.6 million head in recent years, and the number of farms having dairy animals has declined from 926,300 head in 1969 to 548,900 in 1978. But the average dairy herd rose from 8.2 head in 1969 to 13.6 head in 1978, and the number of farms having more than 10 dairy animals has risen sharply. Neverthe-

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Model farm, at left, specializing in the production of Roquefort cheese is located at Le Casse, near Roquefort, France. Baskets of butter, above, are displayed at market.

less, 45 percent of the dairy farms in 1978 still had less than 10 animals. Thus, the average French dairy farm is small, owner operated, and tends to be a mixed crop/livestock operation.

France's consumption of dairy products also is growing, but not as fast as production, causing France to turn increasingly to the export market. Aided by substantial EC subsidies, the value of France's dairy product exports between 1973 and 1979 more than doubled to $1.83 billion.

Exports of cheese amounted to $800 million, 2.7 times the 1973 level, with a volume increase of 40 percent to 225,000 tons. In the same period, the value of milk and cream exports rose 78 percent to $586 million. Although the volume of butter exports dropped 12 percent below the 1973 level, higher prices pushed their value to $284 million in 1979, about 2.1 times the 1973 level.

Other EC member countries are the principal export markets for French dairy products, taking more than two-thirds of the total in recent years. Italy and West Germany account for most of these shipments. But France also has moved into third country markets, particularly into Africa and the Middle East, which took $121 million and $76 million, respectively, in 1978.

France also has been expanding its shipments to the Soviet Union, most of them butter. In 1979, the Soviet Union took 72,066 tons of French butter, more than one-half of France's total butter exports, with a value of $84.2 million. The previous high was 49,131 tons exported to the Soviet Union in 1977, with a value of $40.7 million.

France's exports of dairy products to the United States in 1979 amounted to $25.1 million, consisting mainly of cheese, and representing only about 5 percent of France's total agricultural exports to the United States.

French imports of dairy products also have risen, but they amounted to only $457 million in 1979. Most of these came from the EC member countries and consisted mainly of butter ($193 million) and cheese ($213 million). French imports of U.S. dairy products were virtually nil.

Despite expanded exports and consumption, France's dairy surpluses have not fallen to desired levels. INTERLAIT—the firm responsible for carrying out price support operations under the French intervention agency (FORMA—the Fund for Orientation and Regulation of Agricultural Markets)—has had to purchase large quantities of French dairy products in recent years.

In 1978, the firm bought 35,200 tons of butter and 12,600 tons of nonfat dry milk. The following year both totals fell—butter by 600 tons and nonfat dry milk by 12,500 tons. But in January-August 1980, the firm's purchases of French butter climbed to 89,000 tons and nonfat dry milk to 111,000 tons.

France's dairy growth is largely financed by heavy subsidy payments. In 1979, support operations in the French dairy sector cost F5.85 billion ($1.38 billion), 2.8 times the level of 4 years earlier. The 1979 cost was equal to about F10,675 ($2,500) for each French dairy farm, or 42 U.S. cents per liter of milk. Most of these support funds came from the EC agricultural budget. In fact, only about $52 million, or less than 4 percent, came from FORMA.

In addition to money for support operations, funds are expended for "orientation" (guidance or improvement) programs in the dairy sector, with expenditures amounting to $55.4 million in 1979. Fifty-eight percent of the total ($37.3 million) were FORMA funds.

In 1979, FORMA spent $28.7 million for milk productivity and quality improvements. The program covered 94,000 French dairy producers, or 18 percent of all such producers, with 2.15 million head, or 29 percent of all dairy animals. These producers received financial assistance or premiums in one form or another.

The French Government also has spent substantial amounts over the years to assist the dairy sector by granting input subsidies or producer loans bearing especially favorable interest rates. During 1965-79, French assistance to help pay for installation of dairy farm refrigeration equipment amounted to roughly $65 million, 20 percent of the total investment in such equipment. And since 1972, subsidies for equipment and operational costs of dairy laboratories doing technical research or supervisory work amounted to $3.6 million of the 1972 authorization of about $6 million.

France's dairy product output has grown as a result of influence exerted by the EC's milk and milk product policy. The policy objective is to achieve an annual specified average target price for whole milk (with 3.7 percent butterfat) delivered to the dairies. To do this, the EC makes intervention purchases of butter, nonfat dry milk, and certain cheeses; provides protection against imports by imposing variable levies on imported milk products; and authorizes export subsidies.

Because of this EC policy, France's indicative or target price for milk rose from $9.20 per 100 kilograms during the August 11-December 13, 1969 period, to $29.04 per 100 kilograms in the period April 7-May 11, 1980. Between 1970 and 1980, the intervention price for butter during the same monthly periods almost doubled to $386 for 100 kilograms, while the price for nonfat dry milk rose 2.9 times to $160.

Thus, favorable milk prices powered expansion in France's dairy production and grew out of an EC commitment to boost farmer incomes and to raise beef production. In France and other EC countries, most beef comes from slaughtered dairy animals.

In France's case, the policy boosted farmers' incomes at a rate of 2.4 percent a year in real terms between 1970 and 1979. It also enabled France to become a net exporter of cattle and to boost veal production, as well. France exported 1.48 million head of cattle in 1979, although it had a slight

[1]An exchange rate of F4.25=US$1 was used to convert from French franc values to U.S. dollar values.

trade deficit in beef and veal.

But the EC has paid a price for helping France.

France not only accounts for a large share of the European Community's total milk and milk product output; it is also responsible for much of the increase in EC production. France produced 30 percent of both of the EC's cow's milk and butter in 1979; about one-third each of its cheese, nonfat dry milk, and casein, and nearly half of its whey. Also, between 1970 and 1979, France accounted for nearly one-third of the EC's butter production increase, more than one-third its rise in cheese output, and more than half of the whey production increase.

Because EC dairy output exceeds EC requirements, huge stocks of dairy products have piled up, and subsidies and other measures have had to be introduced to help move the dairy surplus into trade channels. Some dairy intervention stocks have been contributed to various institutions for charitable uses and to foreign countries as food aid. Also, premiums have been paid to encourage the use of skim milk for animal feed and for processing into casein.

Butter from public stocks is regularly sold at reduced retail prices during the Christmas holidays (more than 3,000 tons in 1979). In addition, the EC has tried to balance demand and supply by trying to reduce the number of dairy cows and/or reducing permissible milk deliveries to dairies.

In September 1977, the EC introduced a co-responsibility levy (producer tax) amounting to 1.5 percent of the milk target price on all milk delivered to commercial dairies. The levy has since been raised to 2 percent, but the impact on rising French and EC milk production has been minimal. (Also planned is an additional or supplementary co-responsibility tax in 1981/82 if EC milk deliveries in 1980 exceed 1.5 percent of the previous year's deliveries.)

Despite the current co-responsibility levy, total EC dairy product surpluses remain large, and France continues to contribute to the upsurge, particularly through its sizable butter production. But, ironically, even as the EC surplus is climbing, France's dairy surplus—although sizable—is becoming more manageable, partly as the result of a strong drive to sell French butter and other dairy products overseas at prices kept low by the use of export subsidies.

EC dairy surpluses constitute a major financial burden on the Community, and the amount of EC funds being absorbed by the dairy sector has been growing. Between 1974 and 1979, the EC's budget allocation for the dairy sector rose from 1.26 million EUA (European units of account)—the equivalent of US$1.5 billion—to 4.45 billion EUA ($6.2 billion).

Over the same period, the dairy sector's share of the total EC budget (European Agricultural Guidance and Guarantee Fund) rose from 40.6 percent to 42.6 percent. In 1979, about 2.05 billion EUA ($2.8 billion) of the dairy sector's budget was for export subsidy (export restitution) payments, up 5.7 times from the 1974 level. Another 2.39 billion EUA ($3.3 billion) was for other price support operations, compared with 896.3 million EUA ($1.07 billion) for the same activities in 1974.

In addition to the problem of stocks that seem to stay large no matter what is done to reduce them and costly intervention purchases, the expansion of France's dairy sector also translates into larger feed imports. France is the world's second largest exporter of agricultural products after the United States, with exports at $15.5 billion in 1979—but it still must depend on imported high-protein feeds to satisfy the needs of its expanding livestock sector.

France's mixed feed industry, which has been growing rapidly in recent years, produced 14.0 million tons for the livestock sector in 1979, and is expected to have boosted output to 14.5 million tons in 1980. While the dairy sector is not the main user of mixed feeds, its share of total mixed feed consumption is significant. In 1979, over 2.3 million tons of mixed feed (16 percent of total production) were fed to cattle, with about 1.5 million tons going to feed dairy animals. In addition to imported feed components used in mixed dairy feeds, some of the high-protein feeds, such as soybean meal, are fed directly on farms.

France's livestock consumed an estimated 4.2 million tons of oilseed meal in 1979, mainly soybean meal and almost all imported. Soybean meal consumption alone totaled 3.3 million tons in 1979.

The involved nature of the French and EC dairy sectors tends to make it difficult to assess their future prospects. The number of dairy animals in France and other EC countries can be expected to decline as inefficient farmers go out of business. However, the trend in yields is more difficult to forecast since much will depend on the thrust of the EC's dairy policy.

High support prices have made it advantageous for dairy farmers to improve feeding methods and to introduce other technical improvements. The co-responsibility levy for milk has had little effect in reducing these financial advantages, and milk output continues to grow. But a new drive to tighten the EC dairy policy in an effort to dampen milk production rises—particularly in view of the EC's budgetary constraints—seems likely, and may result in smaller production and stocks. □

Production of Cow's Milk and Dairy Products in France, 1969-80[1]

Year	Cow's milk	Cheese	Butter	Nonfat dry milk	Dried whey	Casein
	Million tons			*1,000 metric tons*		
1969	26.9	684	474	644	63	17
1970	26.6	730	446	625	80	14
1971	27.0	766	412	601	114	19
1972	28.0	814	510	667	148	22
1973	28.4	828	523	724	169	22
1974	28.5	860	517	661	202	27
1975	28.7	880	535	730	194	13
1976	28.6	910	531	715	223	12
1977	30.2	1,023	551	728	240	19
1978	30.8	1,063	553	698	265	22
1979	32.0	1,100	578	699	285	32
1980[1]	33.6	1,150	610	740	300	44

[1]Preliminary. Source: 1969-1979. Rapport Annuel (Annual Reports), FORMA (Fund for Orientation and Regulation of Agricultural Markets); U.S. Agricultural Counselor reports.

U.S. Farm Exports at Record $41.3 Billion in 1980

By Stephen R. Milmoe

Calendar 1980 was another record-breaking year for U.S. agricultural exports. Value of shipments rose 19 percent above the 1979 level to $41.3 billion, highlighted by stepped-up sales to the largest U.S. farm market—Japan—and two newly important markets—Mexico and China. Export volume rose by 11 percent to 163 million metric tons, fueled by a 9-percent increase in grain shipments.

This continues the string of export records that began in 1970 (interrupted only by a slight dip in calendar 1975) with the export value growing at a 19-percent annual rate. And the trend is expected to remain unbroken in 1981, as fiscal year (October 1980-September 1981) exports are now projected at $47 billion, compared with $40.5 billion shipped in fiscal 1980 (calendar year projections not available).

The favorable balance in U.S. agricultural trade also continues to widen, as exports consistently outpace imports. U.S. agricultural imports in calendar 1980 rose only 4 percent above 1979's to $17.4 billion, with a 105-percent gain in sugar imports more than offsetting declines in import value of meat, cocoa, and rubber. The positive agricultural trade balance for calendar 1980 thus was $23.9 billion, compared with $18 billion in 1979.

U.S. farm exports to Japan—far the largest single market—rose 16 percent above 1979's to a record $6.1 billion, primarily because of a 48-percent rise in value of U.S. feedgrain shipments. Grain accounts for nearly three-fourths of all U.S. farm export volume to Japan, although the share dips to 45 percent in value terms, reflecting relatively low unit prices compared to those for meat and oilseeds.

Mexico last year joined the top five U.S. agricultural export markets, as shipments there soared 123 percent above the 1979 level to $2.5 billion. The trade growth reflects disappointing crops in Mexico last year as well as the country's mounting petroleum revenues and commitment to improve consumer diets.

Another newcomer to the top five was China, with $2.3 billion worth of U.S. farm products, compared with $997 million in 1979 and $614 million in 1978. The country took mainly U.S. wheat (6.4 million tons) and cotton (462,906 tons), ranking as the largest U.S. market for each.

Among the commodities, U.S. **wheat** exports in calendar 1980 were up 21 percent in value and 7 percent in volume from the prevous year's. Exports stood at 35.7 million tons, with the bulk (58 percent) of those exports falling in the last half of the year. China provided most of the market growth. Exports to Japan remained steady at 3.3 million tons, while shipments to Brazil jumped nearly a third to 2.0 million tons.

Other areas that showed volume growth in calendar 1980 included Bangladesh (1.2 million tons), South Korea (1.9 million), and Yugoslavia (817,804). Exports of wheat to the USSR fell by two-thirds to 1.8 million tons as a result of the grain sales suspension. Export unit value fell throughout the first 6 months, then rebounded in the July-December period, reaching $193 per ton.

U.S. **feedgrain** exports were a record 72.6 million tons in calendar 1980—a 10-percent increase from 1979's—despite a precipitous reduction in shipments to the Soviet Union (down 64 percent to 4.9 million tons). Mexico was the most pronounced growth area, receiving 7.5 million tons of feedgrains, mostly corn and sorghum, compared with 2.3 million in 1979. Japan easily maintained its position as the largest U.S. feedgrain market, taking 15.7 million tons, three-fourths of it corn, against 12.3 million in 1979.

Total U.S. corn and sorghum exports were at record volume levels—63.0 million and 8.0 million tons, respectively—while barley and oats were at significantly higher levels than in 1979. Demand for U.S. feedgrains in traditional markets was augmented in 1980 by entry into a number of nontraditional markets that previously had been supplied, for the most part, by Argentina. Feedgrain unit values wavered in mid-year, then soared to record levels by year's end.

U.S. **rice** exports were a record 3.1 million tons in 1980, primarily owing to the emergence of the Korean market. A serious supply shortage of rice in that country led Korea to purchase 844,910 tons of U.S. rice—a 415-percent increase from the 1979 level. This more than offset the drastic cutbacks to Iran and Indonesia. Other markets that showed a volume

U.S. Agricultural Exports: Volume by Commodity, Calendar 1977-80

Commodity	1976	1977	1978	1979	1980	1979/80 change
	1,000 MT	*1,000 MT*	*1,000 MT*	*1,000 MT*	*1,000 MT*	*Percent*
Wheat and products	27,772	25,524	35,896	35,131	37,178	+6
Feedgrains and products	51,568	48,490	56,359	66,170	72,981	+10
Rice	2,106	2,347	2,351	2,335	3,075	+32
Soybeans	15,332	16,195	20,705	20,888	21,779	+4
Oilmeal	5,043	4,293	6,301	6,442	7,427	+15
Vegetable oils & waxes	1,028	1,335	1,500	1,621	1,837	+13
Cotton, excluding linters	746	1,017	1,347	1,527	1,823	+19
Tobacco	269	285	318	257	272	+6
Other	9,971	11,181	12,147	12,944	16,600	+28
Total[1]	113,835	110,667	136,924	147,315	162,972	+11

[1]Actual export tonnages, not converted to product equivalents. Excludes animal numbers and some commodities reported in cases, pieces, dozens, liquid measure, etc.

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increase were Iraq, Saudi Arabia, the United Arab Emirates, and Nigeria. Increased export demand drove average export unit value up by about 15 percent to $419 per ton.

Record exports of **soybeans** to the European Community (EC), Japan, and Mexico highlighted a fifth consecutive year of record high U.S. soybean exports. Soybean exports were up 4 percent to 21.8 million tons in calendar 1980. The EC, Japan, and Spain accounted for approximately three-fourths of all U.S. soybean export volume, with additional increased growth in demand from Mexico, China, and Korea.

Soybean exports are normally the heaviest during October-December. However, in 1980, volume was below expected levels for this period. The decline reflects higher soybean meal prices in relation to corn, particularly in the EC, arising from strengthening of the U.S. dollar as well as increased costs for U.S. soybeans. (The EC applies a variable levy to the import price of corn, thus diluting the impact of exchange rate variations.)

U.S. **soybean meal** exports also reached a record 7.0 million tons, compared with 6.1 million in 1979. Over three-quarters of this total was shipped to Western and Eastern Europe. Exports of soybean meal to Mexico and Venezuela were up by one-fourth from the 1979 level.

Soybean oil exports were down 3 percent in volume and 10 percent in value during calendar year 1980. As global stocks of soybean oil were building and substitutes entered the market at competitive prices, soybean oil exports dropped precipitously in the last half of 1980. Two-thirds of U.S. soybean oil shipments occurred in the first half of 1980, versus 53 percent in the same 1979 period.

Cotton exports also were unusually heavy in the first 6 months of 1980. Over two-thirds of the 1.8 million tons exported in the calendar year were shipped in that period. Shipments of more than 460,000 tons to China put that country in the No. 1 spot for the first time. Japan and Korea, ordinarily the top two markets, ranked second and third with 309,523 tons and 304,470 tons, respectively. Both figures were up from 1979. The top five markets (China, Japan, Korea, Taiwan, and Hong Kong) accounted for nearly three-fourths of all U.S. cotton exports. The export unit value for cotton rose dramatically from mid-year in response to strong export demand and a drought-reduced 1980 cotton crop in the United States.

U.S. exports of **animals and products** increased marginally in value during 1980. Poultry exports showed the largest gain—47 percent to $603 million, with much of the expansion in the Middle East and parts of North and West Africa. These gains, however, were more than offset by a $286-million decline in hides and skins exports. Exports of whole cattle hides fell 17 percent in volume to 19.0 million pieces—the lowest level in 6 years—with an accompanying 24-percent decline in the export price.

Exports of **red meat** (beef, veal, pork, and variety meats) rose 3 percent in 1980 to $740 million. Japan's share of U.S. exports (on a value basis) fell from 55 to 52 percent.

Exports of **inedible tallow** rose 17 percent in volume during 1980, but the total value was nearly unchanged as unit prices declined. Egypt remained the largest market at 187,512 tons.

Exports of **fruits, nuts, and vegetables** were up a third in total value during 1980 to $3.3 billion. **Tobacco** exports rose 13 percent, in value and 13 percent in volume. □

U.S. Agricultural Exports: Value by Commodity, Calendar 1977-80

Commodity	1976	1977	1978	1979	1980	1979/80 change
	Mil. dol.	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Percent*
Dairy products	142	174	146	125	175	+40
Fats, oils, and greases	443	593	599	740	769	+4
Hides and skins, excl. furskins	518	562	686	992	694	-30
Meat and meat products	617	611	743	853	890	+4
Poultry and poultry products	263	312	341	409	603	+47
Other	397	414	519	646	660	+2
Total animals and products	2,380	2,665	3,032	3,765	3,791	+1
Feedgrains and products	6,024	4,907	5,909	7,793	9,831	+26
Rice	629	730	932	854	1,289	+51
Wheat and major products	4,086	2,932	4,602	5,586	6,660	+19
Other	136	143	144	170	212	+25
Total grains and preparations	10,875	8,712	11,585	14,403	17,991	+25
Vegetable oils & waxes	586	834	970	1,155	1,216	+5
Soybeans	3,315	4,393	5,208	5,701	5,880	+3
Oilmeal	899	953	1,300	1,478	1,727	+17
Other	270	435	697	552	570	+3
Total oilseeds and products[1]	5,070	6,615	8,175	8,886	9,393	+6
Cotton, excluding linters	1,049	1,529	1,740	2,198	2,864	+30
Tobacco, unmanufactured	940	1,094	1,358	1,184	1,334	+13
Fruits and preparations	770	835	1,014	1,127	1,335	+18
Nuts and preparations	198	240	324	584	757	+30
Vegetables and preparations	674	631	703	764	1,188	+56
Feeds and fodders	449	920	609	838	1,126	+34
Other	592	699	870	996	1,477	+48
Total products and preparations	4,672	5,635	6,618	7,692	10,081	+31
Total	22,997	23,636	29,384	34,745	41,256	+19

NOTE: Some commodity groups in this table, differ slightly from those used by FAS.
[1]Shelled peanuts (excluding oil stock), formerly included in this series under Oilseeds and Products, are now under Nuts and Preparations.

Upward Movement Seen In World Food Prices

World food prices are generally moving upward, taking on a seasonal trend that should become more apparent later on, according to the findings of the bimonthly FAS food price survey that was conducted March 3 in 15 capital cities throughout the world.

However, it seems that prices have slowed in some cities because of the appearance of larger supplies. For instance, retail coffee prices were down in most of the reporting foreign capitals from the level of the last survey on January 6.

Bern. Food prices have not changed significantly since the previous survey on January 6. Milk prices remained the same, but eggs and other dairy products continued their previous uptrend. Coffee was the only item surveyed showing a price drop.

Bonn. The March 3 food price survey revealed that beef and pork prices were continuing to climb, but some fruit and vegetable prices had dropped to surprisingly low levels.

Potatoes, especially domestically produced varieties, were being sold at lower prices than when surveyed in January. They were also in better supply, although some specially-priced potato stocks sold out quickly. However, the potato price movement was not unidirectional since in some stores they were offered at special "come-in" prices, but were priced higher at others.

Buenos Aires. Of all the items checked March 3 for the current food price survey, only the price declines noted for pork and broilers resulted from a sag in demand.

Decreases in apple and potato prices resulted from the arrival on the market of larger seasonal supplies. Increases in orange prices reflected low seasonal supplies.

Increases in the prices of other food items surveyed were about equal to the climb in the cost of living for the previous 2 months.

Canberra. Meat prices were relatively steady between the January 6 and the March 3 surveys, largely because weaker overseas demand is paralleling lower domestic production. Prices of fats (butter, margarine, and oils) strengthened due to tight supplies of butter and vegetable oils.

Copenhagen. The Danish price freeze expired March 1, but food prices have not increased as greatly as expected because of severe price competition among major items, including coffee. The milk price increased on March 1—a rise approved by the Monopoly Board because of increases in the producer

FAS Survey of Average Retail Food Prices in Selected World Capitals,[1] March 3, 1981

[In U.S. dollars per kilogram,[2] or units as indicated, converted at current exchange rates]

Item	Bern	Bonn	Buenos Aires	Canberra	Copenhagen	London	Madrid	Mexico City	Ottawa	Paris	Rome	Stockholm	The Hague	Tokyo	Wash., D.C.
Steak, sirloin, boneless	16.24	9.92	7.12	8.07	11.83	13.91	7.44	4.78	7.11	9.72	11.57	15.79	10.82	37.11	9.46
Roast, chuck, boneless	8.63	7.18	6.67	5.27	6.17	6.57	5.07	4.36	4.60	9.68	9.64	10.62	5.91	29.95	7.47
Pork chops	8.12	5.96	6.67	6.00	6.10	5.64	3.86	4.53	4.80	4.98	5.79	8.63	5.45	9.40	5.71
Roast, pork, boneless	11.93	5.62	9.34	5.19	7.08	4.87	5.94	6.16	4.61	5.73	6.27	14.87	6.55	9.64	3.90
Bacon, sliced, pkgd.	5.33	7.98	11.57	7.52	7.77	7.50	7.91	4.42	4.62	18.84	5.79	9.93	9.68	9.13	3.13
Broilers, whole	2.89	2.16	4.18	3.31	3.45	2.23	1.65	2.57	2.54	3.45	2.70	4.83	1.94	3.91	1.30
Eggs, dozen	2.44	2.16	1.91	1.64	1.89	3.88	1.28	.90	1.04	1.90	1.52	2.51	1.32	1.77	2.18
Butter	7.74	4.32	8.23	2.72	3.85	3.52	7.30	5.55	3.30	5.28	4.98	4.49	3.80	6.06	5.05
Margarine	2.84	1.02	6.49	2.50	1.87	2.62	2.87	2.56	2.44	2.22	2.07	3.41	1.36	2.91	2.18
Cheese, Cheddar	7.46	5.49	12.01	2.88	6.50	4.96	7.55	11.90	5.57	7.35	5.01	7.04	8.46	5.69	3.86
Milk, whole, liter	.71	.43	1.56	.58	.56	NA	.47	.47	.68	.62	.61	.60	.47	.92	.73
Oil, cooking, liter	1.83	1.36	4.23	2.56	2.93	1.87	1.34	1.26	1.99	1.86	.91	5.38	1.10	2.12	1.66
Tomatoes	1.73	2.20	1.56	1.51	4.11	2.67	.86	.76	2.91	1.96	2.41	5.33	1.89	3.92	2.16
Onions, yellow	1.02	1.08	1.02	1.24	1.08	1.01	.43	1.78	.84	.77	.68	1.54	.32	1.10	.99
Potatoes	.50	.53	.58	.68	.52	.37	.25	.52	.27	.28	.34	.75	.17	1.18	.86
Apple	1.22	1.02	1.60	1.40	1.29	1.70	.83	1.77	1.26	.97	.77	1.96	.42	1.88	1.19
Oranges	1.22	.63	1.56	1.47	1.27	1.08	.77	.22	1.23	1.57	.96	1.56	.84	1.85	.51
Bread, white, pkgd.	1.73	.83	2.67	1.46	1.89	1.08	.90	.81	1.02	1.15	1.54	2.62	.64	1.64	1.52
Rice	.96	1.08	2.05	.93	1.62	1.37	1.19	.80	2.24	1.31	.96	1.79	.84	1.48	.97
Sugar	1.02	.86	1.47	.58	1.52	.84	.66	.57	.97	.79	.83	1.15	.79	1.31	2.09
Coffee	6.50	8.15	12.86	13.18	7.48	9.92	6.07	4.41	6.65	6.71	7.33	7.10	5.32	14.45	6.37

Prices in this table may not be directly comparable due to differences in quality, packing, and seasonal variation in supply.

[1]Data from Brasila and Brussels not available at press time. [2]1 kilogram = 2.2046 pound. 1 liter = 1.0567 quart.

price and processing costs. Butter and cheese prices showed notable increases because of sizable exports.

The dollar has strengthened 14 percent in relation to the kroner since the last survey in January; thus, the current prices are lower in terms of dollars, a decrease that is more apparent than actual.

London. Since the January 6 survey, sharp rises in beef prices—particularly for better quality cuts—have been the major change noted in food prices. Beef and fat cattle prices had risen so much toward the end of February that payment of the variable support premium was suspended. Pork and bacon prices remained largely unchanged, but broiler prices were marginally higher than during the post-Christmas slump.

Most fruit and vegetable prices were beginning to show seasonal increases, although a February cold snap played a role in the rises. Plentiful supplies of oranges made them a good buy compared with apples. The last of the English apple crop entered the market in early March at relatively high prices, compared with those of 2 months earlier.

Madrid. Retail prices of most food items were generally level during the 2 months prior to the March 3 price survey, with most changes resulting from seasonal factors and Government price actions.

However, the price of oranges increased moderately because of frost damage to the domestic crop and slightly smaller supplies.

Mexico City. Since the food market was surveyed in January, no noticeable trend has developed. Some prices have risen, others have fallen. The gainers were red meats, cheese, eggs, onions, bread, and coffee. Prices fell for broilers, butter, margarine, rice, potatoes, tomatoes, apples, and oranges. Prices of a number of these were lower because of special promotional efforts to encourage their sale.

Prices remained stable for cooking oil, milk, and sugar. The latter two are subject to Government price control.

Ottawa. The March 3 price survey showed beef items were lower, reflecting a greater gain in supply relative to demand. However, prices for pork items were up. Eggs continued their steady rise as the Canadian Egg Marketing Agency adjusted its formula to reflect higher producer costs.

Prices for butter and cheese also were higher, owing to an increase (announced in January) in target returns for industrial milk producers. Prices were substantially higher for imported tomatoes, but both sugar and coffee prices eased from January survey levels.

Paris. Overall food price increases in January 1981 of 0.9 percent (compared with those of the previous month) maintained the 10-percent annual inflation rate experienced in calendar 1980. However, as in 1980, food prices so far this year appeared to be running slightly less than the increase in overall consumer prices. Since the last bimonthly survey in January, beef prices had moved up modestly while pork prices remained stable. In addition, fruit and vegetable prices showed their expected seasonal rise.

Rome. Following price increases resulting from holiday demand, prices of most products included in the survey stabilized. The milk price rose 14.5 percent as a consequence of the biannual price review of the Provincial Price Committee, which took into account increased production and distribution costs.

Tomato and onion prices climbed because of smaller supply, while butter prices were higher because of an increase in wholesale prices.

Stockholm. Only marginal price changes were noted in the March 3 survey, in contrast with the alltime monthly record increase of 8.8 percent in the price level of basic foods (bread, meat, and dairy products) in January 1981. Partly because of these January food highs, the retail trade suffered a distinct drop in sales volume in January. Food sector sales that month dropped 8.6 percent, continuing a trend started in 1980.

According to the National Swedish Agricultural Market Board, the average increase in food prices in 1980 was 12.5 percent, whereas total sales value only rose by 10 percent, compared with the 1979 figure. Consumption of meat and meat products and fresh vegetables and apples decreased. Flour and grain consumption increased slightly, while bakery product use slumped.

The Hague. In January, the large Dutch supermarket chains started campaigns to cut the prices on a large number of food items. Despite the campaign's impact, the March 3 survey revealed that prices of 11 surveyed items were higher than in January, seven remained the same, and only three were lower. The price of the whole Survey Food Basket was 5 percent higher in March than in January and was 3.6 percent higher than at about the same date in 1980.

Prices of higher quality beef remained unchanged, but those of the more popularly-priced cuts dropped somewhat between the January and March surveys. With pork, the more popular items were higher and the more expensive items unchanged. Broiler prices were a shade higher.

Prices of margarine and salad oil were unchanged when the survey was taken, but rises had been announced for the period immediately following the survey date.

Stocks of specially priced potatoes were gone and prices had climbed back up to about the same levels as in September and November 1980. Tomato prices were still high, although at levels moderately less than in January because of increasing competition between overseas suppliers.

Prices of apples and oranges were in their seasonal upswing in March, but the rise for apples was moderate because of the availability of large stocks of a variety of Golden Delicious apples.

Tokyo. The March 3 price survey indicated that beef prices have been depressed recently, owing to sizable supplies. Production in January was up 12 percent over that of a year ago, and supermarkets tend to promote beef vigorously when the supply is up. Declining domestic pork production and a drawdown in stocks caused retail pork prices to strengthen. Government support prices for beef and pork will likely increase in April. Egg prices had been rising steadily because of cold-weather induced production lags, and the high prices have restrained demand.

Wholesale vegetable cooking oil prices were weak during February, and processors announced price rises late in the month. Fruit and vegetable price changes stem from seasonal factors, but wholesale sugar prices have been declining since the beginning of the year because of oversupply and stagnant consumption.

Domestic coffee bean prices in early March were steady with a downward trend. Leading roasters have reduced the price for coffee for home use as the result of an import price drop and strengthening of the yen. □

Lagging Production, Rising Consumption Seen Boosting Maghreb Grain Imports

By Herbert H. Steiner

The Maghreb countries of North Africa—Morocco, Algeria, and Tunisia—are expected to import 6 million metric tons of grain in 1981, compared with 5 million tons imported in 1980. Most of the increase will occur in Morocco, where a severe winter drought has sharply reduced grain production and lowered prospects for the Maghreb region by some 2 million tons from the 7.9 million of 1980.

Barley and corn may account for much of the increased imports; however, wheat imports are also expected to rise significantly. Traditional suppliers of grain include the United States, the European Community (primarily France), and Canada. This expanded trade is expected to boost the region's total agricultural imports to around $2.7 billion from the $2.5 billion of 1980. The United States may supply around $500 million of this—chiefly wheat, corn, tallow, vegetable oils, beans and lentils, soybeans, cotton, and tobacco.

Morocco. Drought virtually wiped out winter grain production in central-south Morocco, which accounts for 20-30 percent of total output, with especially sharp reductions in the barley crop. As a result, barley production may be more than 50 percent below last year's 2.21 million tons. Wheat production probably will not exceed 1.5 million tons. This compares with 1.8 million tons estimated for 1980.

Grain imports thus could be as high as 2.5 million tons in 1981/81, compared with 1.8 million estimated for the previous year, and include over 2 million tons of wheat.

This prospective increase alone could boost Morocco's agricultural imports in 1981 some 25 percent above the $800 million purchased in 1980. Last year, wheat accounted for approximately 30 percent of the total import, with other leading items including vegetable oils, sugar, tea, milk and dairy products, tobacco, coffee, wool, cotton, soybeans, and tallow.

U.S. agricultural exports to Morocco in fiscal 1980 were valued at $128 million, with wheat and wheat products far the largest category at $84 million followed by corn at $13 million. However, the United States has encountered increased competition in Morocco from subsidized EC grain, shipments of which are expected to rise to 1.3 million tons in 1980/81 from 848,000 in 1979/80.

France will supply most of Morocco's increased grain requirements for 1981 under a recently signed agreement calling for Moroccan purchases of 800,000 tons of wheat and barley this year. The agreement is renewable every year for 3 years. The French agency MARA will finance 80 percent of the price on 2-year credits, reportedly at only 8 percent.

U.S. grain exports to Morocco in fiscal 1981 have been estimated at 700,000 tons, compared with 505,000 the previous year.

Even with normal production, Morocco's grain imports have trended upward in recent years, as a population increase of about 500,000 per year and a per-capita grain consumption of more than 200 kilograms creates a demand for an additional 100,000 tons each year. The low price of bread, currently subsidized at the equivalent of 57 cents per kilogram, contributes to the high consumption level.

Despite the considerable potential for growth, production so far has not kept up with increasing consumption. In normal years, yields of wheat and barley amount to only about 1 ton per hectare—far below the 2-3 tons of wheat achieved on demonstration plots in various regions of Morocco. One reason for the lagging yields is the difficulty in reaching the thousands of small farmers who produce wheat and barley primarily for on-farm consumption. In effect, a large number of farmers feed only their families, while the population in the cities depends largely on imported wheat. About 75 percent of the farm families operate 5 hectares or less, and most of these are not economically viable.

Increases in support prices have not brought greater production. The wheat price was increased from $276 per metric ton in 1979/80 to $329 in 1980/81. This price is the set price for bread wheat, but only a floor price for Durum. Most of the time, market prices for Durum are higher. Wheat moves in commercial channels controlled by the Cereals Office, which administers all grain imports through tenders. Mills are paid a subsidy on the flour they produce.

Algeria. Rainfall was about normal in most areas except for dry weather in western Algeria. Early indications point to a grain crop about the same as the 2.3 million tons produced in 1980. Wheat accounted for 1.4 million tons; barley, 760,000; and oats, 120,000.

Algerian import requirements are expected to be 1.6 million tons or more for wheat and 500,000 tons for coarse grains. As much as 1.3 million tons of the wheat are likely to be Durum, with Canada supplying up to 500,000 tons and the United States the balance. The European Community is expected to supply most of the soft wheat.

Although Algeria does not have a dramatic shortfall in 1981 grain production, wheat imports have risen steadily from an average of 941,000 tons per year during 1970-73 to an average of 1.8 million in 1978 and 1979. Algeria thus continues to slip further behind in meeting its food requirements, spending more than $1 billion on food imports in 1979. Major items were wheat and flour, $250 million; coarse grains, $80 million; milk and dairy products, $140 million; coffee, $250 million; sugar, $100 million; oilseeds, $38 million; tallow, $16 million; vegetable oils, $11 million; tobacco, $38 million; and pulses, $40 million.

In 1979, Algeria had a trade surplus of $700 million. Continuing exports of crude oil at higher prices increased export receipts to $13 billion in 1980. However, service on the large debt incurred by the ambitious industrialization program required 25 per-

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cent of visible exports last year.

The United States is Algeria's main trading partner, largely because of U.S. imports of more than half of Algeria's crude oil production. The United States also has long-term contracts for liquified natural gas, but imports have stopped pending settlement of differences over the price. U.S. exports to Algeria represent only 5 percent of Algeria's import market. U.S. agricultural exports to Algeria in fiscal 1980 were valued at $185 million. Wheat accounted for $79 million; corn, $18 million; tallow, $16 million; beans and lentils, $39 million; tobacco, $6 million; and vegetable oil, $5 million.

Concern about the heavy burden of food imports has forced the Government to give higher priority to the neglected agricultural sector. Total food production in 1980 was 19 percent above the 1969-71 average, but per capita food production was 14 percent below.

Algerian agriculture consists of three principal sectors, the "self-managed" socialist sector, the "Agrarian Revolution" sector, and the private sector. The socialist sector occupies a large part of the best land in the littoral and sublittoral areas. Comprising about 2,000 farms that cover 2.4 million hectares, the sector accounts for a major part of commercial production.

The "Agrarian Revolution" launched in 1971 with the slogan "the land to those who work it" consists of about 7,000 cooperatives farming 1 million hectares. This land was distributed to landless peasants who were then required to join cooperatives organized by the Government. The private sector is composed of 700,000 families who subsist on 4.8 million hectares of cultivable land.

For the first time, the 1980-84 plan gives a high priority to the agricultural sector. It will attempt to increase productivity in various ways. The managers of the large socialist farms will receive undivided responsibility to make both production and marketing decisions. The supply of inputs, the machinery and extension services, and marketing of crops will be linked into a new system that will also service private farms for the first time. Agricultural wages and prices have been set to provide more incentives. Real wages in agriculture were doubled in the last 6 years. The planning process also has recently been partially decentralized from the Central Government to the provincial level.

Wheat and barley represented from 20 to 25 percent of the value of agricultural production during the late 1970's. The wheat and barley zone covers about 6 million hectares divided into several discontinuous regions, extending approximately 1,000 kilometers from the Tunisian border in the west and from the Mediterranean coast southward for up to 150 kilometers. The annual rainfall in this zone ranges from 350 to 600 millimeters.

Each year, about half the grain land is left in fallow. Oats are planted and harvested for hay on 15 to 20 percent of the fallow land. In recent years, wheat plantings have averaged 2.2 million hectares (1.5 million hard wheat and 700,000 bread wheat) and barley, 800,000 hectares.

About 60 percent of the wheat and barley land is still privately owned. This means that the grain is planted on small plots, often without benefit of fertilizer. At least 1 million hectares of the wheat and barley land are not ideally suited for grain crops. This includes hillsides that are exposed to serious erosion and regions in the south where rainfall in most years is not adequate for a crop and where plowing damages the fragile ecology.

Technicians of Centro International de Mejoramiento de Mais y Trigo (CIMMYT) estimate that the mean wheat yield in Algeria could be increased from 800 kilograms per hectare currently to 1,200 kilograms by substituting for the fallow a rotation of wheat with the self-regenerating annual legume, medicago. A less-expensive shallow tillage also is a part of this new system. Average wheat yields of 1,800 kilograms per hectare are considered possible in the future.

The immediate goal is to produce 3 million tons of wheat and barley by 1984. Although a 30-percent increase over the current production of 2.3 million tons, this would still cover only 53 percent of consumption.

Tunisia. This year, expanded planting, spurred by increased price supports, appears to have gotten off to a late start owing to delayed seed distribution and some unfavorable weather in scattered growing areas. As a result, Tunisia's 1981 grain production is expected to hold close to the 1980 level of 1.2 million tons, including 734,000 tons of hard wheat, 121,000 tons of bread wheat, and 348,000 tons of barley.

Grain trade also is likely to remain static, approximating the 700,000 tons of wheat and 230,000 tons of corn and barley imported in 1980. These imports are far from the self-sufficiency in wheat and barley sought by Tunisia and—along with sugar—are contributing to a continuing balance-of-payments deficit.

Tunisia has only limited resources for producing sugar, but 1 million hectares of land in the north are well suited to wheat and should yield more than the 738 kilograms averaged over the past 5 years. Even the less-fertile soils of the south should yield more than 500 kilograms of barley. Rainfall is the critical factor—a lack of it in at least 2 years out of 5 causes extremely low yields in those years.

Wheat production increased from an average of some 400,000 tons in the 1960's to 735,000 in the mid-1970's. This increase was partly the result of giving farmers freedom to leave the production cooperatives. Production dropped back slightly at the end of the 1970's, partly because of less favorable weather and partly due to reduced use of high-yielding varieties.

Lack of credit is considered the primary constraint on small farms. To remedy this, the Ministry of Agriculture—in cooperation with the U.S. Agency for International Development—started a project to deliver a package of credit, technical information, and farm management education for small farmers.

In contrast to the stagnation of output, total grain consumption has expanded rapidly over the past 10 years, increasing from 930,000 tons in 1969/70 to 1.9 million in 1979/80. Between 1976 and 1979, Tunisia imported about 40 percent of its wheat needs, or an average of 530,000 tons per year. In the last 2 years, wheat imports have been close to 700,000 tons. Imports of corn and barley, mainly for poultry feed, reached 180,000 tons in 1980.

Imports of wheat and coarse grains accounted for about a third of Tunisia's $450 million in agricultural imports last year. After grains, major items were sugar, soybean oil, and milk and dairy products.

U.S. exports to Tunisia were valued at $106 million in 1980. The leading exports were wheat, corn, soybeans, and soybean oil. □

FACT FILE

Cash Farm Markets in the Developing World

Although the world's less-developed countries are usually thought of as food-aid recipients they in fact add up to a very large market for commercial exports of U.S. agricultural commodities.

In the 1970's, U.S. commercial exports to developed economies grew fivefold. But, during that same period, the level of U.S. commercial exports to the less-developed world increased by a factor of ten. This phenomenal growth in trade to developing countries has translated into a significant market in absolute terms, as well. In fiscal 1980, commercial sales to less-developed countries totaled $12.3 billion, 32 percent of the $39.0 billion the United States sold commercially.

CHANGING TRADE PATTERNS. The emergence of the developing world as an important market for the U.S. farmer is the result of changes in world production and trade patterns that began after World War II.

In the case of wheat, for example, the developed market economies accounted for three-fifths of the world's exports and two-thirds of the imports prior to 1945. Developed countries still dominate world wheat exports, with a 90-percent share. But, now they account for less than 20 percent of imports, while the developing countries represent half of the world's imports. Nearly 40 percent of these imports are on commercial terms, and the developing countries' share of imports continues to grow.

The change in feedgrain trade has been even more dramatic. Before World War II, developing countries exported almost 60 percent of all feedgrains entering the world market. Since then, the export role has been taken over by the developed economies, that now provide 80 percent of feedgrain exports. The developing countries, previously net exporters, are now importing their grain requirements, taking an increasingly large share of world imports.

POPULATION GROWTH. The shifts in world trading patterns, with developing countries becoming net importers of basic foodstuffs, are explained in large part by the explosive population growth in the Third World. Traditional farming practices could not keep pace with the food needs of rapidly expanding populations. Among developing countries, wheat consumption grew 5 percent annually in the 1970's. About half of this growth in demand was due to population growth alone.

As the accompanying graph shows, the population of the developing world will continue to increase faster than the rest of the world. So people in developing countries will require an increasingly large share of world food production and world food exports. The World Bank predicts that the largest share of the population increase will be among the low-income countries of Asia.

RISING INCOME LEVELS. Another important factor influencing the levels of food imports in developing countries is rising income. Because food is such an urgent need for the poor in developing countries, any increase in income goes largely to buy more and better food. In India, when family income rises by $1.00, more than half is spent on food and fiber.

This increase in the effective demand for food will also increase imports. USDA studies have shown that as per-capita income rises 10 percent, food imports in less-developed countries increase up to three times more than they do in developed countries.

However, average increases in per-capita incomes among low-income countries will be very small compared with industrialized nations, although countries will vary considerably. Oil-exporting developing countries will increase incomes at a much faster rate than the oil importers. Per-capita GNP among oil-exporting countries increased 3.5 percent a year during 1970-80, compared with 2.7 percent annually among the oil importers. There are regional differences as well, with GNP growth rates in 1979 ranging from 2.5 percent in East Africa to 6.5 percent in East Asia.

FOREIGN EXCHANGE. Commercial purchases of U.S. agricultural commodities are much more likely among those developing countries with healthy export sales, that can earn the foreign exchange necessary for buying on commercial terms. Oil exporters, such as Indonesia and

Nigeria, are in good shape, since crude oil prices rose nearly fivefold in real terms in the last decade. Most developing countries, however, depend on the export of other primary commodities, whose prices are generally weak and erratic. In addition, the developing countries' share of nonfuel commodities trade has slipped, from 40 percent in 1960 to 31 percent in 1979. The trade deficit of oil-importing developing countries stood at $43.1 billion in 1979, up sharply from $27.1 billion the previous year.

ABILITY TO BORROW. Commercial purchases of food imports are also affected by the ability to borrow. Total debt among developing countries was $376 billion at the end of 1979. Most of this debt is concentrated in the middle-income countries, especially the oil-exporters, since generally they are the most creditworthy.

Rising inflation rates and tight monetary policies in the developed world have kept commercial interest rates high, making it expensive for developing countries to borrow to finance imports. This has especially affected low-income countries, which have had to rely on concessional loans and grants. This Official Development Assistance (ODA) has grown much more slowly than lending from private sources.

SELF-SUFFICIENCY. Partly in response to their crippling trade deficits, many developing countries have announced goals of becoming self-sufficient in agriculture. Self-sufficiency would obviously mean reduced imports from the United States. There have been dramatic increases in domestic food production in some developing countries. India and Pakistan, for instance, are now exporting wheat.

Overall, however, per-capita food production has declined somewhat in low-income developing countries, since production increases have not been able to keep pace with expanding populations.

Also, climates in many developing countries are unsuitable for some crops. In Nigeria, Indonesia, and the Philippines, wheat is an important and well-established food. These countries cannot grow wheat in any quantity, however, so increasing demand will have to be met with increased imports.

TOP TEN MARKETS. Among low-income countries, the Top Ten commercial markets range from China, at nearly $2 billion in FY1980, to Haiti, which bought $50 million from the United States. There is no common factor among these countries which explains their relative importance as U.S. commercial farm markets. The list includes the oil-exporters Indonesia and Nigeria and debt-ridden Bangladesh; Thailand, a significant agricultural exporter; and Egypt, suffering serious production problems.

Some highlights:

- **China** leads the way, with a huge market potential created by both the sheer size of its population and rising incomes and consumer demand. Prospects are good for feedgrain sales to supply China's poultry and swine production.

- **Nigeria**, unable to meet its rising domestic demand, will need to rely heavily on food imports. Improved poultry production, together with imports of U.S. feedgrains, could slash the $6 price Nigerian consumers pay for a 2-pound chicken.

- **Indonesia**, with ample foreign reserves, will be importing more wheat and feedgrains to meet increasing consumer demand.

- **Thailand** is one of the few low-income oil importers with a healthy trade economy, because it is a major corn exporter. Rising consumer demand has led to increasing imports of wheat, the main imported food. Thailand's thriving economy may create a market for processed foods.

Top Ten Markets Among Low-Income Countries, FY1980[1]

Country	Commercial U.S. exports	Food imports from U.S.[2]
	Mil. dol.	*Percent*
China	1,936.0	17
Indonesia	339.0	26
Nigeria	331.5	16
Philippines	292.7	56
Egypt	269.8	36
India	258.6	20
Thailand	170.8	38
Bangladesh	163.6	42
Pakistan	106.2	22
Haiti	50.0	50

[1]Low-income countries are those with per capita GNP's of $625 or less in 1978. [2]Commercial and noncommercial, 1979. Sources: USDA, FAO.

Top Ten Low-Income Markets, Key Indicators

Country	GNP per capita,[1] avg. annual 1960-77 growth	Index of per capita food production,[2] avg. 1976-78	Debt service ratio,[3] 1976-78	Import coverage,[4] avg. 1976-78
	Percent	*1969/71=100*	Average	Weeks
China	5.1	111	[5]NA	[5]NA
Indonesia	3.3	100	12	18
Nigeria	3.6	89	2	20
Philippines	2.5	115	13	20
Egypt	2.1	93	[6]57	5
India	1.3	100	14	40
Thailand	4.5	122	4	23
Bangladesh	- .4	90	16	14
Pakistan	3.0	101	[6]26	11
Haiti	.2	91	8	12

[1]Average growth in real income (adjusted for inflation). [2]Measures how well domestic food production has kept pace with population growth. [3]Ratio of public debt payments on principle and interest to the value of a country's exports. The higher the ratio, the more difficult it will be to borrow to finance imports. [4]Measures a country's ability to finance imports from its international reserves. Rule of thumb is that below 12 weeks' coverage, a country's ability to import may be seriously impaired. [5]Not available. [6]Increased substantially in 1979. Source: USDA, World Bank.

France

Fruit, Vegetable Growers Take Dim View of Spain's EC Entry

Some French farmers—particularly fruit and vegetable growers—are not enamored with the idea of Spain's joining the European Community (EC). They believe Spanish horticultural imports will hurt French domestic sales. At the same time, the French farmers suspect the Spanish market will not be fully open to similar French products.

Many French fruit and vegetable producers believe that Spanish—and to a lesser extent, Portuguese and Greek—entry into the EC will substantially increase the Community's fruit and vegetable output, with an adverse effect on prices.

They suspect that Spain has a large, untapped production potential greater than that of France. They also think that although France's current production of many fruits and vegetables exceeds that of Spain, France's productivity growth rate has slowed, while Spain's has considerable room for improvement.

Adding to their anxiety is a belief that Spain still has some uncultivated areas that can eventually be brought under fruit and vegetable cultivation. Some farmers believe further that the combination of larger Spanish production, plus the preferential treatment given to some fruit and vegetable imports from certain third countries—mainly those located on the Mediterranean Sea—will put the Community in a permanent position of oversupply.

As evidence of the harm that full EC membership for Spain will cause, French farmers cite the effect that Spanish fruit and vegetable imports had on French prices in 1980, particularly at the beginning of the French season. At that time, prices must be high to offset the elevated production costs of early-season fruits and vegetables.

During that period in 1980, French potato prices at Perpignan averaged 65 centimes per kilogram, compared with 97 centimes in 1979. Similarly, tomato prices in southern France at the beginning of the 1980 season were some 50 percent below the 1978 level.

Many French producers have admitted that they have no complaints with Spanish products that hit the French market before French production starts. The real problem is in the early part of the French marketing season when early—and usually lower yielding varieties—of fruits and vegetables must be sold at relatively high prices.

It is during this period that end-of-season imports of lower quality Spanish products depress prices and take the bloom off the market for French producers. They believe that an agreement with Spanish producers for a voluntary restraint during this relatively short period would help stabilize the market.

Naturally, French producers believe the solution is for the Spanish to agree to adjust their production calendar so there is little Spanish produce on the French market when the first French fruits and vegetables arrive. When asked why the French do not eliminate some of their early varieties and concentrate on the period when Spanish production is no longer a problem, French producers respond that it is the Spanish who are asking to join the EC, not the French.

Thus, they believe that Spain should make concessions of this type if the French fruit and vegetable sector is to get a "quid pro quo" for the unrestricted access to the French market the Spanish will receive when they join the Community.

Another concern of a general nature is the almost universal complaint by French producers that the Spanish border is effectively closed to French exports of fruits and vegetables. Many growers of fruits—such as peaches—believe there would be a sizable market for some French products in Spain in mid- to late August, when the French season is in its closing days and the Spanish season is already over. During this period, most Spanish fresh fruits and vegetables have cleared the market, and there is strong demand in Spain generated by the large number of tourists there.

It might be thought that the French would welcome Spain's accession to the EC since its entry would ostensibly solve this problem by opening the Spanish border to French fruits and vegetables. However, French producers do not believe that Spain will be forced to open the border completely as a result of the negotiations—at least not for a number of years.

French fruit and vegetable producers point to the derogation from EC rules that permits Italy to continue to import corn at world prices, rather than having to buy EC-produced corn at a higher price. The producers believe that Spain will undoubtedly seek—and likely receive—exceptions from other EC rules. And they see fruit and vegetable imports into Spain as a likely candidate.

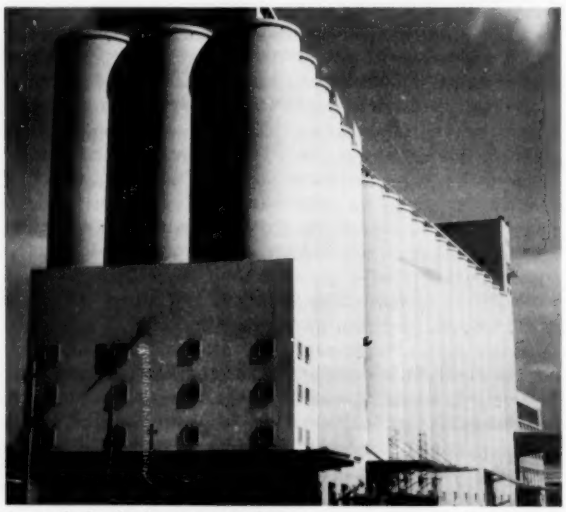
The French farmers base this belief on the fact that nearly three-fourths of Spanish agricultural imports at present are from non-EC countries, imported at world prices. They find it hard to believe that Spain will be able to switch its vegetable import sources from third countries to the EC without causing

significant adverse economic effect on the economies of third-country suppliers.

The French fruit and vegetable sector believes that derogations from EC rules covering fruit and vegetable imports will be almost mandatory. And, since the Spanish fruit and vegetable growers are such an important factor in Spanish agriculture, the French producers believe they will be one of the first groups to receive protection. *—Based on report by Turner L. Oyloe, U.S. Agricultural Counselor, Paris.* □

Portugal

Poor Grain Crop in 1981/82 To Up Imports From United States



Port silo for feedgrains in Lisbon.

Drought has reduced Portugal's 1981/82 grain crop by nearly one-fourth, and, as a result, imports that year will be considerably above the very high 1980/81 level. As in past years most of this grain will come from the United States.

Portugal's grain imports in 1981/82 (July-June) could well approach 4.5 million tons (including rice)—16 percent above the sharply increased level of 1980/81. The United States could supply the bulk of these prospective imports, exceeding the current year's estimated 3.6 million tons—about 94 percent of total imports. Wheat and corn imports are likely to surpass the 1980/81 levels by 175,000 and 300,000 tons, to reach 950,000 and 3.1 million tons, respectively. An additional 80,000 tons of rice (milled), 300,000 tons of sorghum, and 50,000 tons of barley will likely be needed as well.

Portugal's grain stocks have been drawn down in view of the poor grain crops and increased consumption in recent years, and the outlook for the 1981/82 marketing year is not good. A pattern of drought, below normal temperatures, and frosts threaten to sharply reduce Portugal's winter grain crop. Although planted winter grain area is up from the 1980/81 season, harvested area is expected to be down sharply since much of the winter grain area was seeded under very dry conditions.

There are indications that as much as a third of the winter grain crop in the main producing region has been lost, regardless of future weather patterns for the rest of the year. Also, a continuing lack of rain is curtailing rice plantings, pointing to large imports of rice, and has considerably reduced moisture levels for the spring-seeded grain crops, mainly corn.

As a result, Portugal's 1981/82 (July-June) grain crop (including rice) could total much less than 1.0 million tons, about one-fourth below the 1980/81 crop, or just about equal to the catastrophic crop in 1977/78.

While grain production has not been doing well, Portuguese grain requirements have grown steadily. Wheat consumption rose by about 177,000 tons in the past 3 years to over 1.1 million tons in 1980/81, and is likely to remain close to this level in 1981/82. This is partly in response to relatively low (subsidized) bread prices, compared with the sharp increases in prices of most other products. Coarse grain requirements have risen in line with the Government's emphasis on livestock expansion.

The reliance on mixed feeds within the livestock sector is being intensified by the drought situation this year, with pastures providing much less forage. Because of the drought, and stockpiling in anticipation of higher feed prices, the demand for compound feeds is up sharply from that in the previous year. As a result, Portugal's coarse grain utilization in 1981/82 could well reach 4.2 million tons (3.7 million feed), up from about 3.8 million tons (3.4 million feed) in 1980/81.

The magnitude of U.S. grain exports to Portugal in 1981/82 will depend in part on the need for, and availability of, Commodity Credit Corporation (CCC) financing and PL-480 funds. Owing to the large grain import requirements and the country's financial difficulties in recent years, Portugal has received PL-480 funds and CCC credits to finance purchases of U.S. agricultural products.

Since 1976, Portugal has negotiated PL-480 agreements for $215 million worth of U.S. agricultural products. Also some $533 million has been provided to Portugal in CCC credits, largely to finance purchases of U.S. grains, tallow, and soybean meal.

Portugal's grain imports have added significantly to the cost of its total agricultural imports. Having risen rapidly in recent years, they loom as a heavy burden on the economy in 1981.

In 1979, agricultural imports amounted to $1.37 billion, compared with $1.09 billion just 2 years earlier, and are expected to have greatly increased in 1980 in view of larger import requirements and significantly higher prices for feeds. In 1979, imports of grains and preparations amounted to $467 million, more than a third of the value of Portugal's total agricultural imports.

Although agricultural exports have increased, Portugal's farm trade deficit widened by 17 percent—to $970 million—between 1977 and 1979, representing about a third of the country's total trade deficit (exports f.o.b., imports c.i.f.). The deficit is estimated to have greatly increased again in 1980.

Drought conditions, subnormal temperatures and frosts have caused extensive damages to the 1981 crops, particularly vegetables, fruits and olive trees, vineyards, and, of course, grains. This will mean sharply reduced availabilities of some major export commodities such as fruits and vegetables and wine, which account for a large share of Portugal's agricultural exports (74 percent of the total in 1979).

The export decline—plus increased agricultural imports, generally at significantly higher prices than in 1980—points to an even larger agricultural trade deficit in 1981 than in 1980.—*By James Lopes, Economics and Statistics Service.* □

Bangladesh

Jute Stocks at 25-Year High; Larger Exports Expected To Bring Them to Normal Levels

Taking jute to the market in Bangladesh.

After 2 years of sizable jute crops—one of which was of particularly low quality—and relatively small exports during both years, Bangladesh entered the 1980/81 (July-June) crop year with the largest beginning-of-the-year stocks in 25 years. Jute stocks at the end of 1980/81 are expected to fall to near normal levels as producers have reduced their plantings to the lowest level in 5 years and exports are forecast at their highest in 11 years.

In an effort to reduce jute stocks, the Government has withdrawn its Statutory Minimum Price for raw jute and returned to a free market mechanism. Since jute is Bangladesh's most important foreign exchange earner and a major source of farmer income, it is likely that Bangladesh will take other steps as required to reduce stock size.

It also is likely some growers will lose interest in jute and shift to alternative crops in the coming season. The result would be that production and stocks will both be cut, producing a better balance between production, stocks, and exports.

Bangladesh's planted and harvested jute area climbed steadily between 1977/78 and 1979/80[1], but declined substantially in 1980/81. The area drop was largely because of weaker international demand, low market prices received for the previous year's crop, and the current tension stemming from the abolishment of the Government's Minimum Price Program.

Although the average quality of the 1979/80 crop was reportedly good, buyers were offering relatively low "free-market" prices because private traders and Government agencies had much of their money tied up in large carryovers.

Furthermore, most traders and agencies started making purchases some time after the beginning of the marketing year because new monetary advances were not available from commercial banks because of the failure by private and Government buyers to pay back advances made the previous year. However, the banks reportedly relaxed their lending policy later in the season and extended loans to the buyers. But the bearish trend in the internal market remained unchanged and—since they normally are unable to withhold jute from the market to force prices upward—growers had to sell their product at throwaway prices, often for only half the cost of production.

Bangladesh's raw jute exports in 1979/80 totaled 357,073 metric tons, slightly more than shipments in 1978/79 and 54,615 tons greater than in 1977/78. Of the 50 countries to which Bangladesh shipped raw jute in 1979/80, the People's Republic of China, as in the previous year, topped the list with of 37,927 tons.

The United States took only 3,023 tons of Bangladeshi raw jute, less than 1 percent of the total.

The 1979/80 export target was 453,597 tons, and although the year's actual shipments of 357,073 tons amounted to only 79 percent of the targeted amount, the year's performance was about the same as in 1978/79. The target for raw jute exports in 1980/81 is set at 454,000 tons.

Jute brought in US$147.20 million in 1979/80, compared with $145.26 million in 1978/79. In 1979/80, income from jute amounted to more than 90 percent of the export value target. The target for 1980/81 has been set at $176.67 million.

Bangladesh Jute Mills Corporation reported total jute manufacture exports in 1979/80 were 447,297 tons, down 18,477 tons from the exports the year before, and 83,454 tons less than the 1977/78 total. The 1979/80 total included 169,982 tons of hessian, 210,414 tons of sacking, 61,632 tons of carpet backing, and 5,269 tons of other jute products.

Jute manufactures were shipped to 68 countries in 1979/80. Exports to the United States totaled 77,128 tons—27,812 tons of hessian, 46,290 tons of carpet backing, and 3,021 tons of other products—representing a 17-percent share of Bangladesh's jute product exports. By comparison, in 1978/79 jute manufactures were exported to 73 countries for a total of 465,744 tons, with the United States topping the list with takings of 108,898 tons.

Bangladeshi exports of jute goods exceed those of raw jute both in quantity and value. Exports of manufactured jute products earned $400.26 million in 1979/80, compared with $283.40 million in 1978/79.

Because of the higher prices and the larger volume of exports achieved in

[1]Jute crops were marketed in the split years given in the article and produced 1 year before the indicated dates.

1979/80, the target for foreign exchange earnings from jute manufactures in 1980/81 has been set at $466.7 million. During 1979/80, export earnings for manufactures were $784 million against a target of $733 million.

Jute and jute goods exports during 1979/80 totaled $547.46 million, representing 70 percent of the country's total export earnings. In 1980/81, the target for total export earnings has reportedly been set at $1.0 billion, of which jute and jute goods are expected to account for $643.33 million.—*Based on report from the Office of the U.S. Agricultural Attaché, Dacca.* □

Sri Lanka

Opening of Flour Mill Marks Beginning of New Wheat Policy

Sri Lanka received its first shipment of P.L. 480 wheat in September 1980, which, with the recent opening of the Prima Flour Mill at Trincomalee, has inaugurated a new phase in which the country will import wheat to replace the flour it formerly imported.

Previously Sri Lanka imported approximately 650,000 metric tons of wheat/wheat flour (wheat equivalent) a year, but now is a potential market for 800,000 tons of wheat annually.

U.S. Wheat Associates, Inc., expects U.S. suppliers to provide a significant amount of this volume. U.S. Wheat Associates is a foreign market development cooperator, working with the Foreign Agricultural Service to promote exports of U.S. wheat.

Alan Hunt, recently retired Wheat Associates Vice President for South Asia, termed the mill's recent opening "an exciting development, holding great promise for U.S. wheat."

According to Hunt, U.S. wheat flour could not compete in the past with highly subsidized flour from Europe, except through use of the P.L. 480 program. But, with the opening of the mill, U.S. wheats are expected to be highly competitive.

The mill at Trincomalee is the world's largest flour mill constructed as an integrated unit under one roof. Built by Prima Flour Mills of Singapore, the mill has a rated daily capacity of 2,200 tons of wheat. Production from the mill will be used entirely in Sri Lanka.

Initially, the mill will be grinding all U.S. wheats. A blend of 75 percent U.S. Hard Red Winter wheat (12 percent protein) and 25 percent Spring wheat will be used to produce a general-purpose flour, according to Hunt.

Sri Lanka's President, J.R. Jayewardene, participated in the mill's opening ceremony in December. In his address, President Jayewardene stated that the new mill is symbolic of the goal of the new Sri Lankan Government to develop the country and to provide a better standard of living for its people.

The U.S. P.L. 480 agreement with Sri Lanka, calling for the shipment of 100,000 tons of U.S. wheat to Sri Lanka before September 30, 1981, continues to provide an important tool for developing markets for U.S. agricultural exports. □

Indonesia

Rice Crop Up in 1980, But Imports Still Climb

Terraced rice paddies in western Java, Indonesia.

Indonesia's 1980 rice crop showed a sizable increase over that of the previous year, and although rice import requirements were scaled down from earlier estimates, they were still higher than rice imports in 1979.

A bumper second crop has caused estimates for the 1980 Indonesian rice harvest to be revised upward to over 19.5 million metric tons, up at least one-tenth from 1979 output and one-fifth from the 1975-79 average.

Indonesia's rice imports in 1980 were slightly over 2 million tons, rather than the approximately 3.0 million forecast earlier.

Still Indonesia remained the world's largest rice importer in 1980, importing about one-sixth of the world rice trade.

The main or wet-season rice crop, harvested in the spring of 1980, was exceptionally large, as was the dry-season in the summer. In some areas of the country a third, or even an occasional fourth, rice crop was harvested because of abnormally heavy rainfall in July and August.

Losses to the main insect pest, the Brown Plant Hopper (wereng), were minimal, unlike some recent years when damage to some high-yielding variety wet-rice was especially severe. Among other reasons cited for the bountiful 1980 crop was even greater use of high-yielding varieties, fertilizers and pesticides, and timely good weather.

If, as expected, record rice production in 1980 approached or exceeded 19.5 million tons—and this

growth rate can be sustained—this may alleviate some concern about Indonesia's ability to narrow its total food deficit by larger domestic production in subsequent years. Per capita availability of rice from domestic production in 1980 rose to about 136 kilograms, up from about 130 in 1978 and 1979.

Official statistics indicate gains in rice output since 1978 have been impressive. During 1975-77, rice production gains were small, despite Government priority efforts, because of bad weather and pest damage.

Since the introduction of high-yielding rice technology in Indonesia in the late 1960's, the area in rice has expanded. This has largely come about through irrigation development, including irrigation of land formerly planted exclusively to secondary crops, and—more importantly—by multicropping of rice on land which formerly included secondary food crops in rotation with rice.

Yet, the combined area in secondary food crops increased slightly over the same period as plantings were increased on unirrigated land.

Under the Government's Third 5-Year Plan, Repelita III—which extends to April 1984—the Government is devoting more attention to production of secondary food crops such as corn, cassava, soybeans, peanuts, and sweet potatoes in its altered overall future food security policy.

Progress in significantly expanding production of secondary crops must overcome barriers such as a dietary preference for rice, inadequate market opportunities, and overall lack of development, or underdevelopment, especially on islands off Java.—*By J. Albert Evans, agricultural economist, Economics and Statistics Service.* □

Taiwan

Per Capita Food Supplies Show Sharp Upsurge During 5-Year Period

Taiwan's food supplies, on a per capita basis, rose dramatically in the 5-year span of 1975-79, and a diminishing share of expanding personal income was spent on food. These gains were accompanied by a large boost in U.S. farm exports to Taiwan during this period.

During the 1975-79 period, U.S. agricultural exports to Taiwan rose from $565 million in calendar 1975 to $1.1 billion in 1979.

In 1980, U.S. farm exports to Taiwan again totaled $1.1 billion. The leading commodities were: Corn ($271 million), soybeans ($262 million), cotton ($203 million), and wheat ($104 million).

The sharp gain in food availability over the 5-year period shows that Taiwan's per capita food consumption reached 516.2 kilograms in 1979, a dramatic 5-percent increase from that of 1978 and a 7-percent surge from the 1975 figure of 482.6 kilograms.

During the same period, per capita income nearly doubled, going from US$888 in 1975 to US$1,722 in 1979. An estimated 25-30 percent of per capita income is savings, the remainder goes for expenditures.

While consumption and incomes rose rapidly, the share of per capita expenditures spent on food fell sharply—from 44.2 percent in 1975 to an estimated 37.6 percent in 1979. Accompanying this decline was a shift in consumption patterns, reflected by an uptrend in protein foods, sugar, and fruits and vegetables at the expense of carbohydrate foods, such as cereals and tubers.

The sharpest percentage gains were recorded for sugar, eggs, and meat, but there were advances across the board—except for the carbohydrate categories.

Per capita sugar intake rose 70 percent from 14.6 kilograms in 1975, as consumption of carbohydrate foods decreased 13 percent from 176.6 kilograms to 153.1 and that of pulses, nuts, and seeds slipped 6 percent to 43 kilograms.

Taiwan's per capita rice consumption fell from 130.4 kilograms in 1975 to 107 in 1979 while wheat flour declined a half kilogram to 23.8 kilograms.

Cereals as a group fell from a per capita consumption rate of 162.1 kilograms in 1975 to 144.2 kilograms some 5 years later.

The biggest gain in per capita meat consumption was registered by pork, which rose from 17.5 kilograms in 1975 to 27.2 just 5 years later. Poultry also advanced from 8.4 kilograms to 11.7 during this period while per capita fish consumption rose from 35.6 kilograms to 38.1.

Taiwan's availability of vegetables jumped 16 percent in the 5-year span, going from 109.8 kilograms per capita to 127.5 kilograms; the increase for fruits was 21 percent, reaching 66.6 kilograms in 1979.

The per-person intake of fats and oils also rose—nearly 10 percent to about 10 kilograms in 1979.—*Based on a report by Edwin A. Bauer, U.S. Agricultural Officer at the American Institute in Taiwan.* □

Japan

Import Outlook for U.S. Grapes, Sweet Cherries Remains Bright

Japan's imports of U.S. sweet cherries—which have more than doubled since the initial entry in 1978—are expected to continue the expansionary trend in 1981. Imports of U.S. table grapes this year are expected to be about the same or slightly larger than last year's level, depending on the size and quality of the U.S. crop.

On the domestic production side, areas devoted to apples, Japanese-type pears, and plums probably will increase moderately this year while those of grapes, peaches, and cherries remain unchanged.

Japan prohibits the import of fresh apples, pears, and other pome fruits from most countries, including the United States, for plant quarantine reasons, i.e., the codling moth.

The use of food additives is strictly supervised by the Japanese Ministry of Health and Welfare. No fungicides are permitted in Japan for use on fresh deciduous fruits. For example, substances such as captan and benomyl, which are widely used in the United States as postharvest chemicals, are not approved in Japan. Consequently, U.S. fresh deciduous fruit treated

with such chemicals are not allowed into Japan.

However, U.S. sweet cherries have been permitted to enter Japan since 1978 under special safeguard arrangements. During the 1980 shipping season, Japan's imports of U.S. sweet cherries totaled 290,415 cartons (20 lbs. each), up a sharp 25 percent from the year-earlier level of 233,138 cartons and more than twice the 1978 volume of 132,534 cartons.

Japanese purchases of U.S. table grapes in calendar 1980 were expected to be about the same as those of 1979 when 1,541 metric tons were imported, down 255 tons from 1978's level.

The United States continues to supply practically all the fresh grapes imported by Japan. These shipments occur mainly during the winter months when domestically grown grapes are not available, except for costly hot-house products.

In accordance with the Tokyo Round of the Multilateral Trade Negotiations (MTN), Japan is now reducing tariffs on various agricultural items. Under this agreement, Japan's import duty on table grapes—limited to those imported from November 1 to the last day of February—was reduced from 20 percent ad valorem for Japan's 1979 Fiscal Year (JFY) to 18.3 for JFY 1980 (April 1980-March 1981).

The duty is scheduled to be lowered gradually each year to 13 percent by JFY 1987. The duty remains at 20 percent for table grapes imported from March 1 through October 31. Japan's current import duty on fresh cherries stands at 10 percent and is not scheduled to be changed.

Because opportunities for increased exports of U.S. table grapes and sweet cherries look bright, Japanese importers and distributors feel that extensive market development programs—with the assistance of the U.S. industry—would help develop the potential import demand to the fullest.

Japan's 1980 production, with percentage change from 1979's output in parentheses, was as follows: Apples, 957,700 tons (+12 percent); peaches, 283,900 (+3 percent); pears, 540,000 (+5 percent); fresh grapes, 353,200 (+4 percent); and sweet cherries, 15,100 (-13 percent).—*Based on a report from Dudley G. Williams, U.S. Agricultural Counselor, Tokyo.* □

West Germany

Boom in Farm Imports From U.S. Hits $2.9 Billion in Fiscal 1980

West Germany's agricultural imports from the United States—including U.S. product transshipped through other countries—experienced an unprecedented boom in fiscal 1979/80 (Oct.-Sept.), rising 32 percent to $2.9 billion, according to official German statistics. Unlike some recent years, the large gain resulted more from increased quantities rather than higher prices.

More than two-thirds of the reported $709-million[1] advance in German purchases of U.S. farm products was attributed to larger feed requirements as oilseed imports increased $270 million from the previous year, oilseed meals $117 million, and other nongrain feeds $96 million.

U.S. almonds continued to be an attractive trade item as the import value rose $74 million in fiscal 1980.

Total West German farm imports in fiscal 1980 expanded 15 percent from $22.6 billion to a new high of $26 billion.

The U.S. share of German agricultural imports rose to 11.2 percent in fiscal 1980 from 9.8 percent a year earlier.

The leading commodity categories of West German farm imports in fiscal 1980 (in billions of U.S. dollars) were: Fruit, vegetables, and treenuts, $5.3; oilseeds and products, $3.3; livestock and meat and coffee, tea, and other beverages, $3.1 each.

Imports of U.S. oilseeds and products, totaling $1.5 billion, accounted for 52 percent of all West German farm purchases from the United States.

The United States is Germany's major foreign supplier of livestock feeds. In 1979/80, livestock feeds—including the portion of corn used for feed—represented 45 percent of that country's imports of U.S. farm commodities.

In 1979/80, German imports of U.S. soybeans rose one-third to $977 million as volume increased 26 percent to 3.5 million metric tons.

Other major gains in imports of U.S. farm products were: Sunflowerseed, up 13 percent to $194 million as volume jumped 20 percent to 675,000 tons; oilseed meals, up 62 percent to $306 million as shipments rose 52 percent to 1.3 million tons; and other nongrain feeds, up 58 percent to $261 million as volume grew 42 percent to 1.4 million tons.

The import of U.S. almonds rose even more spectacularly as value soared 119 percent to $136 million while volume increased from 17,000 tons to 30,000 tons.

U.S. cotton also registered an impressive showing with value up 84 percent to $62 million and volume rising 41 percent to 48,000 tons. Tobacco, though, was down 10 percent to $174 million as shipments fell 17 percent to 35,000 tons.

Excluding rice, imports of U.S. grains, mainly corn, expanded 10 percent to $312 million despite an 8-percent drop in tonnage to 1,974. However, imports of U.S. rice advanced in both value and volume—rising 43 percent to $33 million and 35 percent to 70,000 tons.

A breakdown of fiscal 1980 imports shows that the United States was Germany's leading supplier of soybeans, sunflowerseed, shelled peanuts, corn and byproducts, tobacco, alfalfa meal, tallow and greases, and several horticultural products, such as almonds, walnuts, dried prunes, dried onions, and canned sweet corn.

In 1979/80, West Germany received 880,000 tons of wheat from the European Community (EC). The next largest source of supply was the United States with 247,000 tons.

Increases in the U.S. market shares during 1979/80 were particularly strong for soybeans, oilseed meals and other nongrain meals, almonds, rice, and cotton.

On a value basis, the U.S. share of the German grain market continued to fluctuate around 30 percent while moderate reductions occurred for sunflowerseed, tobacco, and tallow.—*Based on a report from Dale B. Douglas, U.S. Agricultural Counselor, Bonn.* □

[1]Figures used in this article cover shipments of products actually used in West Germany for final consumption or further processing—those imported directly or through other countries.

TRADE BRIEFS

U.S. Imports Cotton From the USSR for the First Time Since 1962

The United States has imported cotton from the Soviet Union for the first time since 1962. High U.S. cotton prices in September 1980 triggered a special provision of the Food and Agriculture Act of 1977, raising the amount of upland cotton that could be imported into the United States by nearly 500,000 bales (480 lb net). However, only 11,006 bales (or 2 percent) were imported during the 90-day period of the special quota that ended February 25, 1981. Of these imports, 9,503 bales came from Mexico and 1,503 from the USSR—marginal amounts in terms of estimated U.S. consumption of 5.9 million bales. U.S. cotton prices in February were not high enough to trigger another special quota. Through February 25, U.S. cotton imports under the regular 30,000-bale quota totaled 16,230 bales, consisting of 15,725 bales from Mexico and 505 bales from the USSR.

South Korea's Wheat Imports, All From U.S., Top 2-Million-Ton Mark

South Korea's wheat imports are estimated at 2.3 million metric tons in 1980/81 (July-June). All purchases are from the United States, which has been the case since the mid-seventies with the exception of 1977/78 when the U.S. market share was 97 percent. The upswing in Korea's wheat imports last season was partly due to a drastic shortfall in the 1980 rice crop, which also stimulated an expansion in rice imports.

India Puts Ban On Sugar Exports

The Government of India has placed a ban on sugar exports, effective February 23, in an apparent effort to conserve supplies and keep prices for domestic consumers at reasonable levels. However, sugar industry representatives feel that the decision will undermine India's reputation as a dependable supplier. India's centrifugal sugar production in 1980/81 is forecast in the range of 6.3-6.5 million tons versus 5.2 million tons the previous season.

Chile Is First in South America To Halt Foot-and-Mouth Disease

Chile has become the first South American country to erradicate the Foot-and-Mouth disease, which was brought from Europe in 1870. The last outbreak of the disease in Chile occurred in March, 1978, when it was detected in some imported cattle, which were then destroyed. On January 16, 1981, the Chilean Minister of Agriculture declared the country free of the Foot-and-Mouth disease as the Pan American Health Organization affirmed that Chile had complied with all requirements. Chile erradicated the disease through a vaccination program, with the last phase occurring in June 1980. The abolition of the disease has aroused new interest among Chile's cattlemen to upgrade their herds, which will undoubtedly expand cattle imports.

China's Cotton Imports Dropping: U.S. Share To Exceed 50 Percent

China's cotton imports for the 1980/81 season (August-July) are now estimated at 3 million bales (480 lb net), including 1.6 million from the United States. In 1979/80 China was the world's largest cotton importer—taking 3.9 million bales, including 2.3 million bales of U.S. cotton. The level of 1980/81 imports, combined with increased domestic production (estimated at 12.1 million bales), could allow for an expansion in domestic utilization and some buildup in the country's relatively low cotton stocks.

Rimini Fair Draws Big Crowd—Despite Snow

Despite an unusual heavy snowfall that struck mid-way through the week-long show, nearly 100,000 persons attended the Rimini International Fair for Hotel Catering that closed February 21. Some 781 exhibitors participated in the Italian show, including 235 from other countries—primarily from the United States, France, Belgium, West Germany, and the Netherlands. U.S. food products featured at the USDA pavilion included Florida grapefruit, grapefruit juice, dried prunes, edible soy products, sauces, baked goods, pizza, turkey, walnuts, almonds, canned vegetables and fruits, and potato chips.

Philippines To Raise Rice Shipments as Production Increases

Rice production in the Philippines is forecast to rise 2.4 percent from 1979/80's to about 4.8 million metric tons in 1980/81, despite some losses from inclement weather and typhoon damages. The increased production is enough to meet consumption needs and allow for increased rice exports, currently estimated at 300,000 tons. In the past the Philippines has exported rice primarily to other members of the Association of Southeast Asian Nations (ASEAN), with modest exports to West Africa and Brazil.

Severe Drought Strikes Italy's Po Valley

One of the driest winters in the past century has been recorded in the Po Valley in northern Italy, the country's most important agricultural area. Rainfall from mid-November through February was only one-sixth to one-fourth normal in most of the valley. The severe drought may translate into expanded farm imports—unless moisture conditions improve during the next several weeks, particularly as they affect producers' planting intentions for rice and corn. The three regions—Piemonte, Lombardia, and Veneto—that form the largest part of the Po Valley produce about 65 percent of the country's corn crop, 90 percent of the rice, 45-50 percent of the wheat, and almost 50 percent of the milk. In addition, more than half of the country's bovines and about one-third of its swine are located in the Po Valley.

Here & There

Colombia has signed a commercial contract with the USSR for the shipment of 8,000 tons of boned beef, reportedly at slightly below world market prices. A previous contract covering 5,900 tons was signed in August 1980. . .In early February, Budweiser beer was being sold in retail outlets in Sweden—the first marketing of the U.S. brand in any West European country. . .During calendar 1980, French shipments of whole turkeys to the United Kingdom accounted for more than 65 percent of total U.K. imports. The U.S. market share stood at 20 percent. . .In 1980, West German beef exports to the Soviet Union totaled about 23,000 tons, including 5,300 tons of fresh meat and 17,541 tons of frozen product. All exports were subsidized.

Foreign Buyers Sample U.S. Foods At New Orleans Show

American foods were displayed to buyers of nearly 51 foreign countries during a 3-day international food and agricultural trade show held in the New Orleans Rivergate Exhibit Center, February 18-20, 1981.

About 140 U.S. firms took part in the show, the largest food exhibition held in the United States aimed solely at the export market. The Southern United States Trade Association (SUSTA) sponsored the show, in cooperation with USDA.

USDA works with State-sponsored regional export associations such as SUSTA, as well as with nonprofit commodity groups and individual State Departments of Agriculture, to develop and expand foreign sales of U.S. agricultural products.

Commissioner Reagon Brown, of the Texas Department of Agriculture, said, "Our exhibitors are selling everything: From corn, rice, and chili products to ice cream mix and many other Texas products. We are now No. 3 in the nation in agricultural exports, which creates a lot of jobs in Texas."

Commissioner Doyle Connor of the Florida State Department of Agriculture and Consumer Services, commented, "I think the Departments of Agriculture of the Southern States are participating in one of the best—if not the best—food shows in the United States, where foreign buyers come to see our products. The gratifying thing is that as I visit the booths, I see that exhibitors are taking orders, and that is the bottom line."

The SUSTA show is an annual event, and has been held in New Orleans for each of the past 6 years. SUSTA members include the Departments of Agriculture of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, Puerto Rico, South Carolina, Tennessee, Texas, Virginia, and West Virginia. These States generally account for nearly one-third of the nation's total farm product exports. □

Spanish Grain

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Spain's wheat exports totaled 1.05 million tons, consisting of 950,000 tons of soft wheat and 100,000 tons of hard wheat.

The USSR purchased 850,000 tons of the soft wheat exports and all 600,000 tons of Spain's barley exports.

Rice has been a traditional export crop for Spain since the 9th Century when Arabs introduced it in the irrigation districts of Valencia, now famous for having some of the highest yields in the world.

Although rice area throughout Spain was unchanged at 69,000 hectares in 1980, yields increased moderately, pushing production to 420,000 tons paddy basis, or approximately 290,000 tons milled. Most of the production consists of medium and short varieties as growers have not switched to long-grain varieties, which trade sources feel would be advantageous for export markets.

Spain's rice exports are projected at 80,000 tons (milled) for the 1980/81 marketing year (September-August), compared with 70,000 the previous season. Principal destinations are Portugal, Italy, Israel, Lebanon, and other countries in neighboring North Africa and Middle East.

Barley and wheat were also well-known export crops in ancient times. Under Roman rule, Spain was often described as the "Breadbasket of the West." It was not until the late Middle Ages that these crops were expanded extensively throughout the country's central plateau. During this time, the once vast forest that covered the central plateau was cut down by members of the La Mesta, a guild of sheep breeders who enjoyed royal privileges.

Gradually, grain farmers moved into the deforested areas and expanded their plantings as the needs of the growing Spanish population increased.

Since the beginning of the 20th century, farm area in Spain has not changed very much. In recent years, however, irrigation and technology have improved yields markedly. So, it is expected that grain yields will continue upward over the long term, but with dramatic year-to-year fluctuations because of Spain's erratic rains. □

Zimbabwe Tobacco

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market for 2 years. In the end, about 9,000 tons of tobacco were brought under the program.

Meanwhile, stocks by the end of the 1980 season had reached a record 139,000 tons, compared with 114,209 the previous year and combined 1980 exports and domestic consumption of 84,800 tons. However, around 45 percent of the total was said to be "committed"—that is sold and stored or informally spoken for. This left some 77,000 tons of uncommitted stocks, slightly under a year's disappearance, which has since been reduced to less than 60,000 tons.

Developments over the longer term obviously will depend on the world market and domestic situations, but there is no doubt but what tobacco will continue to play a lead role in Zimbabwe's economy. The tobacco industry is the nation's largest employer of labor and one of its leading foreign exchange earners.

According to the President of the Zimbabwean Tobacco Association, farmers who depend on tobacco as their chief income earner also produce 35 percent of the nation's corn, about 30 percent of its peanuts, 17 percent of the winter wheat, and 21 percent of the national beef herd. But tobacco is carrying these farms, and the income of 1 acre of tobacco would require many acres of other crops such as corn. Moreover, alternative crops would use much less labor at a time when the nation is struggling to find employment for thousands of people who have been displaced by the war or are being demobilized from the military forces. □

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Eastern Europe

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invested capital has failed so far to pay dividends, and farm and industrial production have been disappointing. In addition, subsidized food prices have contributed to a strong demand for meat, far outstripping the agricultural sector's ability to produce it.

The Government announced some meat price increases in midsummer in an attempt to bring prices and production costs closer in line, and thus to cut state subsidies. These price increases were the catalyst for labor strikes in July and August 1980, which led to substantial changes in the Government and Communist Party leadership in August and September.

U.S. agricultural imports from Poland totaled $159 million, down slightly from the fiscal 1979 total. Canned pork—principally canned ham—was the single most important item, accounting for $146 million. The United States also imported minor quantities of cheese, strawberries, and alcoholic beverages from Poland. (See the March 1981 issue of *Foreign Agriculture* for more information on Polish agricultural production and trade.)

In fiscal 1980, U.S. agricultural exports to **Romania**, third largest market for U.S. farm products in Eastern Europe, amounted to $468 million, up 55 percent from the 1979 figure. Corn and wheat were the most important items, followed by soybeans and soybean meal. In comparison with fiscal 1979, exports of cattle hides declined substantially.

Romanian purchases from the United States increased as the result of Romania's below-plan agricultural production in 1979. Grain production was the second largest in history, but wheat output hit a 10-year low. The 1979 corn crop was a record 12.4 million tons; however, increased livestock product output strengthened the need for feed, which could not be met by domestic production.

Romanian imports from the United States included $42 million worth of cotton and $13.8 million worth of meat and meat products, primarily whole chickens.

The Government of Romania has MFN status under a waiver to the Trade Act of 1974. The Romanians received a $25-million line of CCC commercial export financing to finance purchases of protein meals in fiscal 1980. This line was fully utilized, and shipments were completed in the first quarter of calendar 1980. Additional CCC financing for the purchase of $50 million worth of protein meals has been made available for fiscal 1981.

Since 1970, when CCC funding was first made available to Romania, the United States has supplied $314 million in direct credit. Romania had requested about $200 million in fiscal 1980, but only one-fourth of this amount was provided.

Romania's hard currency debt totaled an estimated $6.7 billion at the end of 1979, with $280 million owed to U.S. banks. Romania has run current-account hard-currency balance-of-trade deficits for several years. Despite Romania's position as an important oil producer, demand has outstripped supply in recent years. Romania, consequently, has had to buy expensive imported oil from the Organization of Petroleum Exporting Countries (OPEC) to make up the shortfall. In all probability, Romania will have to increase borrowings of hard currency in the future, partly to buy imported oil.

The United States imports a number of agricultural commodities from Romania, the most important being canned pork, followed by cheese, wine, and some poultry products.

Yugoslavia was the fourth largest market for U.S. agricultural products in the region during fiscal 1980, with U.S. exports totaling $302 million, up about one-third from the fiscal 1979 total. The increase came as the result of larger purchases of U.S. wheat, which more than offset declines in U.S. exports of all other grains, soybean cake and meal, cattle hides, tobacco, and cotton. Yugoslavia had a relatively poor agricultural year in 1979, and was forced to import substantially more wheat than normal. Part of this wheat purchase was financed with U.S. CCC commercial export financing, which totaled $80 million in fiscal 1980.

U.S. imports from Yugoslavia totaled $63 million in fiscal 1980, down more than one-third from the preceding year. The drop was caused mostly by the slump in the Yugoslav canned pork trade, which fell by half in value. Nevertheless, canned pork remained the single most important item in this trade, at $92 million, followed by tobacco. □